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IN THE

Supreme Court of the United States

MOTEL 6 OPERATING L.P. and
ACCOR ECONOMY LODGING, INC.,

Petitioners,

v.

ART HUTTINGER and DONNA HUTTINGER,

Respondents.

MOTEL 6 OPERATING L.P. and
ACCOR ECONOMY LODGING, INC.,

Petitioners,

v.

JAMES FENNERN and DELORES FENNERN,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Where this Court vacated the Ninth Circuit's decision in these two age-discrimination-in-employment cases and remanded for further consideration in light of *Reeves v. Sanderson Plumbing Products, Inc.*, 530 U.S. __, 120 S. Ct. 2097 (2000) was the Ninth Circuit correct on the remand in reversing the trial court's granting of judgment as a matter of law and new trial where plaintiffs' pretext evidence was weak and there was no direct evidence Motel 6 was motivated to discriminate against plaintiffs because of their age.

2. Whether under 28 U.S.C. § 1292(b) the Ninth Circuit had jurisdiction to decide the Fennerns' interlocutory appeal where the district court had refused to find that any of the Fennerns' issues for appeal involved a controlling question of law upon which there were substantial grounds for difference of opinion.

3. Whether the Ninth Circuit was correct in reversing the district court's holding that the *Fennern* and *Huttinger* cases should not have been consolidated for trial where the Ninth Circuit did not find that the district court had abused its discretion, but simply disagreed with district court's record-based reasons for finding that the consolidation had seriously prejudiced Motel 6.

CORPORATE DISCLOSURE STATEMENT REQUIRED BY RULE 29.6

The name of Motel 6 G.P., Inc. has been changed to Accor Economy Lodging, Inc. The parent corporation of Accor Economy Lodging, Inc. and Motel 6 Operating L.P. is Accor S.A. No publicly held company owns 10% or more of the stock of either Petitioner.

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Motel 6 Operating L.P. and Accor Economy Lodging, Inc. ("Motel 6") respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case.

OPINIONS BELOW

The opinions of the court of appeals (App. A, *infra*, 1a-4a, 6a-20a, 72a-73a) are unreported. The opinions of the district court. (*Id.* at 21a-72a) are also unreported.

STATEMENT OF JURISDICTION

The court of appeals' orders sought to be reviewed were entered on September 15, 2000, July 6, 1999 and on June 10, 1998. (App., *infra*, 1a-14a). This Court's order vacating the court of appeals' July 6, 1999 decision was entered on June 19, 2000. (App., *infra*, 5a). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

Section 623(a) of the Age Discrimination in Employment Act, 29 U.S.C. § 623(a)(1) ("ADEA") provides, in relevant part, that: "It shall be unlawful for an employer — (1) . . . to discharge any individual or otherwise discriminate against any individual . . . because of such individual's age. . . ."

28 U.S.C. § 1292(b) provides that:

> When a district judge, in making in a civil action an order not otherwise appealable under this section, shall be of the opinion that such order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation, he shall so state in writing in such order. The Court of Appeals which

> would have jurisdiction of an appeal of such action may thereupon, in its discretion, permit an appeal to be taken from such order, if application is made to it within ten days after entry of the order: *Provided, however*, that application for an appeal hereunder shall not stay proceedings in the district court unless the district court judge or the Court of Appeals or a judge thereof shall so order.

Section 67-5909 of the Idaho Human Rights Act provides in pertinent part:

> . . . It shall be a prohibited act to discriminate against a person . . . in any of the following and on the basis of age . . . in subsection (1)
>
> > (1) For an employer . . . to discharge . . . an individual. . . .

STATEMENT OF THE CASE

A. Background.

Motel 6, which is based in Dallas, Texas, owns and operates more than 750 budget motels throughout the United States. At the time these cases were brought, the Motel 6 motels in question were run by a manager and assistant manager, a wife and husband respectively. The manager had the principal responsibility for the motel. (App., *infra*, 34a, 67a; Pl. Ex. 29). An area manager, who usually had oversight responsibility for 15-20 motels, was the motel manager's immediate supervisor. Tr. 952-53, 1731. A regional vice president supervised a group of area managers in a particular geographic area. *Id.* at 1729.

For several years until their discharge on June 2, 1994, Donna Huttinger, age 55, managed the Motel 6 motel in Pocatello, Idaho, where her husband, Art Huttinger, age 68,

was the assistant manager. (App., *infra*, 34a, 36a). The Huttingers were replaced by a manager who was 43 and an assistant manager who was 45. *Id.* at 36a.

For about six months until their discharge on January 18, 1994, Delores Fennern, age 58, managed the Motel 6 motel in Idaho Falls, Idaho, where her husband, James Fennern, age 60, was the assistant manager. (App., *infra*, 34a, 36a). The Fennerns were replaced by a manager who was 49 and an assistant manager who was 35. *Id.* at 36a.

The Huttingers' and Fennerns' area manager was Doug Massman, age 60. Tr. 941. Scott Griffith was the Motel 6 regional vice president with supervisory authority over the Fennerns' and Huttingers' motels. *Id.* at 1729.

B. Proceedings Below.

The Fennerns and Huttingers brought separate actions in federal district court in Pocatello, Idaho against Motel 6 alleging that they were discharged because of their age. The Fennerns alleged that Motel 6 had violated the ADEA and the Idaho Human Rights Act ("IHRA"). The Huttingers brought their case under the IHRA.[1] On February 18, 1997, the district court (Winmill, J.) consolidated the two cases for trial. (App., *infra*, 34a-35a).

After a 10-day trial, the jury returned a verdict in favor of the Huttingers, awarding them front and back pay and punitive damages under the IHRA. The jury also returned a verdict in favor of the Fennerns, awarding them front and back pay and liquidated damages under the ADEA. Thereafter, Motel 6 moved in both cases for judgment as a matter of law (JAML) or, in the alternative, for a new trial. (App., *infra*, 35a).

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1. The Huttingers and Fennerns had other claims that did not survive summary judgment. (App., *infra*, 34a-35a).

On January 20, 1998, the district court granted Motel 6's JAML motion in the *Huttinger* case and conditionally granted Motel 6's new trial motion in that case if the district court's JAML holding did not survive appeal (App., *infra*, 70a). In the *Fennern* case, the district court granted Motel 6's new trial motion on the basic ADEA violation. *Id.* In that case, the district court also granted Motel 6's JAML motion on the issue of whether Motel 6 had committed a willful violation of the ADEA, and conditionally granted Motel 6 a new trial on that issue in the event that its JAML holding did not survive appeal. *Id.*

The Fennerns petitioned the district court pursuant to 28 U.S.C. § 1292(b) to certify their case for an interlocutory appeal. (App., *infra*, 25a). The Huttingers moved for certification of their case pursuant to Rule 54(b), Fed. R. Civ. P. *Id.* at 23a. Motel 6 opposed the Fennerns' petition but not the Huttingers'. *Id.* On May 13, 1998, the district court granted the Fennerns' petition and the Huttingers' motion. *Id.* at 31a. The Fennerns thereupon petitioned the court of appeals pursuant to 28 U.S.C. § 1292(b) to hear their interlocutory appeal. *Id.* at 20a. Motel 6 opposed the Fennerns' petition. On June 10, 1998, the court of appeals granted the Fennerns permission to appeal their case. *Id.*

On July 6, 1999, in an unpublished order, the court of appeals (Judges B. Fletcher, Reinhardt, and Thomas) reversed the district court in both cases and reinstated the jury verdicts (App., *infra*, 6a-19a). Motel 6's petition for rehearing and suggestion for rehearing en banc was denied on September 2, 1999. *Id.* at 72a-73a.

On December 1, 1999, Motel 6 filed a petition for writ of certiorari. On June 19, 2000, the Court vacated the Ninth Circuit's judgment and remanded the case to the court of appeals for further consideration in light of *Reeves v.*

Sanderson Plumbing Products, Inc., 530 U.S. __ (2000). (App., *infra*, 5a).

Without seeking supplemental briefing or argument, the court of appeals, in its September 15, 2000 unpublished memorandum disposition reinstated its prior decision reversing the trial court's granting of judgment as a matter of law and a conditional new trial with respect to the Huttingers, and a new trial with respect to the Fennerns (App., *infra*, 2a-4a).

C. Facts And District Court Findings.

1. *The Huttingers.*

The Huttingers were discharged for: (1) discrimination against Native Americans and (2) violations of Motel 6's safety and security policy. Motel 6 also introduced evidence of widespread employee complaints against the Huttingers. (App., *infra*, 39a).

While the Huttingers were on vacation, the relief manager at the motel the Huttingers managed, Aileen Malone, contacted area manager Massman concerning Malone's discovery that the Huttingers were discriminating against Native Americans. (App., *infra*, 51a; Tr. 1757, 1369). Massman initially discussed the matter with regional vice president Griffith. Tr. 1079. Griffith directed Massman to go to the Huttingers' motel and conduct an investigation. *Id.* Massman proceeded to interview employees who had been required by the Huttingers to carry out the Huttingers' discriminatory policies against Native Americans. *Id.* at 1080-82. Massman then reported back to Griffith that his investigation revealed the Huttingers were in fact discriminating against Native Americans. *Id.* at 1085-88. At that point, Griffith and Massman decided to discharge the Huttingers. *Id.* After their return from vacation, Massman met with the Huttingers and, during a face-to-face

meeting, informed them of their discharge. *Id.* at 1091-92. (App., *infra*, 51a).[2]

The district court found that, except for the Huttingers' general denial, the Huttingers did not rebut documentary and testimonial evidence that their memoranda for desk clerks that discriminated against Native Americans was still in effect three years after their previous area manager, Bob Williams, instructed them to cease using it. (App., *infra*, 52a-55a). The memoranda instructed desk clerks to check the identification of prospective Native American guests more closely than that of other prospective guests. *Id.* at 52a. One memorandum referred to "people who are indians [sic] or look questionable." *Id.* The district court observed that relief manager Malone testified that: (1) she discovered copies of a discriminatory memorandum in the desk clerk training file and forwarded it to Area Manager Massman; and (2) additional copies were located in desk clerk Jenson's personnel file. *Id.* at 53a. The fact that Jenson's name appeared on the second page of this memorandum provided "compelling evidence" that the memorandum was still being used to discriminate since Jenson had started work in 1993, only one month before the Huttingers were discharged. *Id.* The district court noted that Jenson testified that Donna Huttinger had required Jenson to sign the memorandum and had guided Jenson's hand while she did so. *Id.* at 54a. The memorandum introduced into evidence bears the notation "Teresa Jensen TJ." *Id.* at 53a. The district court observed that Donna Huttinger had testified that this notation was in her own handwriting. (App., *infra*, 54a). The district court also noted that Malone[3] and Jenson had both given unrebutted

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2. The Huttingers actively attempted to persuade Massman to change his mind. Ex. 75.

3. In parts of the discussion of the Huttingers' discrimination, the district court inadvertently substituted "Geiger," the relief manager at the Fennerns' motel, for "Malone." (App., *infra*, 53a-54a).

testimony that desk clerks at the Pocatello Motel 6 were required to obtain the approval of the manager before renting a room to a Native American, and that Jenson had been reprimanded by Donna Huttinger for failing to do so. *Id.* at 49a. The district court observed that Malone and Jensen were not employed by Motel 6 at the time of the trial and were thus disinterested witnesses.[4] *Id.* at 52a n.14.

The district court found that at trial the Huttingers admitted that they had authored the discriminatory memoranda, but Donna Huttinger denied that the memorandum specifically referring to "indians" was in use after 1990, although she admitted that it was retained in her files. (App., *infra*, 52a-53a). Ms. Huttinger did not explain how Jensen's signature came to be on the memorandum and did not rebut Malone's and Jensen's testimony concerning the current application of the discriminatory policy against Native Americans, although she and Art Huttinger had the opportunity to do so on rebuttal. *Id.* at 54a.

The district court concluded that no reasonable jury could have found that: (1) the Huttingers' discrimination policy had been abandoned in 1990; (2) Motel 6 did not consider such discrimination serious enough to warrant discharge; (3) Motel 6 did not discharge the Huttingers in part for this reason. (App., *infra*, 54a-55a). Thus, the district court emphasized that the Huttingers' policies with respect to Native American guests were "flagrant violations of the law and of Motel 6 policy." *Id.* at 55a.

The district court also observed that Donna Huttinger admitted to several security violations and Art Huttinger

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4. At the time of the trial, Malone was employed as a school bus driver. Tr. 1354-55. Neither she nor her husband was employed by Motel 6. *Id.* Jensen also had no connection with Motel 6 at the time of the trial. Tr. 1557.

acknowledged that Regional Vice President Griffith had warned him four months before his discharge about Huttinger's failure to utilize "blue tags," a violation of the "key control" and safety policy. (App., *infra*, 55a-56a).[5]

The district court noted that Aileen Malone had testified that, shortly after the Malones began working as relief managers, while the Huttingers were on vacation, several Motel 6 employees submitted oral and written complaints about the Huttingers that Malone passed on to Massman before Massman recommended that the Huttingers be discharged. (App., *infra*, 57a). Judge Winmill observed that Art Huttinger did not dispute that he had ordered Motel 6 employees to work on the Huttingers' personal motor home. *Id.* Donna Huttinger admitted that this was a Motel 6 policy violation. *Id.* The district court also observed that a former area manager and Huttinger witness, Joe Demarest, testified that this violation constituted grounds for discharge. *Id.* The Huttingers did not introduce any direct evidence that they were discriminated against on the basis of age. (App., *infra*, 41a).

The district court concluded that each of Motel 6's proffered reasons for discharging the Huttingers had an independent basis in fact and none was so far-fetched as to give the impression of being manufactured to hide "an unspoken motive." (App., *infra*, 59a).[6] Accordingly, the

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5. The court of appeals found that Massman "never divulged" to the Huttingers the room key violations he found on his first inspection (App., *infra*, 4a). In fact, Art Huttinger admitted at trial that Massman had discussed the blue tag violation with him during Massman's first inspection and Massman testified that he made Huttinger aware of all the violations during that first inspection. Tr. 810-11, 1043; Pl. Exs. 85, 96.

6. The district court observed that the jury could not have reasonably disbelieved Motel 6's proffered reasons based on the

(Cont'd)

district court concluded that the Huttingers were entitled to JAML. *Id.* at 54a. The district court found that if its JAML finding did not survive appeal, the court would conditionally grant a new trial in the *Huttinger* case. *Id.* at 57a-58a.

2. *The Fennerns.*

The Fennerns took over management of the Idaho Falls motel about six months before their discharge. (App., *infra*, 45a). At the time the Fennerns assumed responsibility for the motel, it was filthy, and the Fennerns were asked to bring it up to Motel 6 cleanliness standards. *Id.* Six months later, Massman and Griffith inspected the Fennerns' motel while the Fennerns were on vacation. (App., *infra*, 44a; Tr. 1135). The motel failed that inspection, mainly because the motel was insufficiently clean to meet Motel 6 standards. (App., *infra*, 44a). Twelve days later, after the Fennerns returned from vacation, Massman held a face-to-face meeting with them where he informed them they were discharged. Tr. 180, 413.

The Fennerns were discharged principally for: (1) failing a motel inspection; (2) improperly checking references before hiring a desk clerk; and (3) leaving for vacation with Room 114 at their motel "down" (unrentable). (App., *infra*, 44a). The district court observed that there was no dispute that the Fennerns failed to meet Motel 6's cleanliness standards, and that Massman and Griffith had a reasonable basis for concluding that six months was adequate to meet those standards, especially with the Fennerns' more than 10 years of management experience. *Id.* at 63a-64a. The district court found that at the "leisurely rate of one room per day, the Fennerns could have completed the task within three months." *Id.* at 65a.

(Cont'd)

similarities in the two cases (*e.g.*, proximity of the discharges to the plaintiffs' vacations) because of the seriousness of the violations of Motel 6 policy and the fact that at about the time Massman and Griffith discharged the Huttingers, they granted the Fennerns a transfer to a more manageable motel. (App., *infra*, 58a n.17).

The district court also found that Motel 6 presented "convincing testimony to rebut" the Fennerns' pretext evidence (App., *infra*, 64a): A purchase requisition showed that the Fennerns received more supplies than they admitted. *Id.* Delores Fennern admitted having a carpet shampooer with which she could have cleaned four rooms per day, and that using that shampooer, "the 80-room motel could have been cleaned within a month." *Id.* Finally, Loree Shearouse, who succeeded Delores Fennern as manager, thoroughly cleaned the motel in six months, despite her lack of experience. *Id.* at 28. Thus, the court concluded that the jury was mistaken in disbelieving that Motel 6 discharged the Fennerns in part for failing the motel inspection. *Id.* at 65a.[7]

The district court observed that even if the Fennerns' evidence of pretext had been more compelling, the jury made a mistake in inferring the ultimate fact of age discrimination. (App., *infra*, 67a). The district court found that any inference of age discrimination is "quite weak" when a 58-year old manager (Delores Fennern) is replaced by a 49-year old manager (Loree Shearouse). *Id.* The district court noted that, as manager, Delores Fennern bore the primary responsibility for the perceived performance deficiencies as the highly-compensated half of the management team. *Id.*[8] In these circumstances, the

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7. The only direct evidence introduced by the Fennerns that Motel 6 intended to discriminate against them because of their age were comments made on two occasions by Massman that he could replace the Fennerns with college students at a lower wage. (App., *infra*, 41a). The district court observed that Jim Fennern admitted the statements were made at least six months before the Fennerns were discharged. *Id.* Delores Fennern contradicted her husband, claiming the statements were made three months prior to their discharge. (Tr. 180-82, 430). The district court concluded that these "passing remarks" were insufficient direct evidence of Motel 6's intent to discriminate. *Id.*

8. Documentary evidence in the record shows that the manager was solely responsible for running the motel; the assistant manager was little more than a desk clerk. Pl. Ex. 29. (*See* App., *infra*, 61a n.20).

district court concluded, the evidence of pretext must be much stronger. *Id.* Accordingly, the district court concluded that the Fennerns did not prove that age discrimination was the real reason for their discharge and that Motel 6 was entitled to a new trial. *Id.*

The district court also found that Motel 6 was "severely prejudiced" by the consolidation of the ***Fennern*** and ***Huttinger*** cases for trial for two reasons. (App., *infra*, 68a). First, Plaintiffs had represented to the court they would put in evidence of a pattern of age discrimination. *Id.* Over Motel 6's objection, the district court permitted consolidation. *Id.* Later, just before trial, Plaintiffs announced that they did not intend to introduce pattern evidence. (App., *infra*, 35a). In their closing argument to the jury, however, the Plaintiffs contended that the two cases presented the same pattern of Motel 6 conduct. Tr. 2071. On Motel 6's new trial motion, Judge Winmill held that, without this pattern and practice evidence, the cases were "insufficiently similar to justify joinder." (App., *infra.*, 68a). Noting the "substantial differences" in the reasons for the discharges of the two couples, the district court found that the similarities between the cases "pale by comparison. . . ." *Id.*

Secondly, upon learning that the Plaintiffs abandoned their pattern case, the district court refused to permit Motel 6 to introduce statistical evidence on its hiring and discharge patterns to demonstrate there was no statistical support for any practice of age discrimination. (App., *infra*, 69a). This ruling led to the "unforeseen" result that plaintiffs argued a pattern to the jury based on their two cases that Motel 6 could not rebut with statistics. *Id.* The district court concluded that: "Motel 6 was clearly prejudiced by this unintended result." *Id.*

D. The First Court Of Appeals Decision.

In its first decision, prior to this Court's remand, the court of appeals reversed the district court in both cases, rejecting the district court's reliance on uncontroverted documentary and testimonial evidence (App., *infra*, 18a-19a). With respect to the Huttingers, the court of appeals relied on plaintiffs' contentions that: (1) area manager Massman, who terminated the Huttingers, held the area manager position for one month before he discharged the Huttingers; (2) Massman conducted "surreptitious" inspections; (3) Massman never reviewed the Huttingers' personnel files; and 4) Massman never inquired about the Huttingers' alleged discriminatory policies before terminating them (App., *infra*, 14a). Without explanation or elaboration, the court concluded that a conditional new trial should not have been granted because the jury's verdict was not against the clear weight of the evidence. *Id.* at 15a.

The court of appeals found that the district court had erred also in comparing only the relative ages of the property managers to find a weak inference of age discrimination. (App., *infra*, 16a) The panel found that manager and assistant manager were hired as teams, not individuals. *Id.*

The court of appeals summarily rejected the district court's findings with respect to the Fennerns. (App., *infra*, 16a). The court observed that Motel 6 had hindered the Fennerns' ability to clean their motel after they took over, that the relief managers were responsible for motel cleanliness in the Fennerns' absence. *Id.* The court concluded that the Fennerns were discharged because of their age. *Id.*

The court of appeals also concluded that the district court had erred in granting a new trial on the basis that the cases should not have been consolidated. (App., *infra*, 16a). The panel gave three reasons for its conclusion: (1) each case involved "similar allegations" against the motel managers;

(2) the cases had the same "pattern of furtive inspections"; and (3) the inspections were followed by "instant terminations" in both cases. *Id.*

Motel 6's petition for rehearing and suggestion for rehearing en banc was summarily denied. (App., *infra*, 72a-73a).

On this Court's remand for further consideration in light of *Reeves v. Sanderson Plumbing Products, Inc.*, 530 U.S. __ (2000), the circuit court reinstated its earlier memorandum and the jury verdicts. (App., *infra*, 4a). The court of appeals observed that both the Huttingers and Fennerns presented strong *prima facie* cases and produced evidence that the asserted justifications for their firings were false. (App., *infra*, 3a). The court noted that both couples were replaced by couples who were "significantly younger, less experienced, and received substantially lower salaries." *Id.* The Ninth Circuit observed that both firings occurred after area manager Massman paid "surprise visits" to the motels involved while the Huttingers and Fennerns were away on vacation and fired them "without warning" upon their return and without first looking at their personnel files. (App., *infra*, at 3a-4a).

The court briefly reviewed plaintiffs' evidence that the reasons offered by Motel 6 for the discharges were pretextual. (App., *infra*, 4a). The court noted that while Massman asserted that the Huttingers were maintaining an unlawful policy of discriminating against Native Americans, he did not give them an opportunity to respond to the allegations and at trial the Huttingers discredited the sources of this information, "both of whom were disgruntled employees." *Id.* The court also observed that while the Huttingers were also fired for mishandling keys, a safety violation Massman testified he discovered in an earlier inspection, he "never divulged" his earlier findings to the Huttingers. *Id.* The court of appeals did not review its reasons for overturning the district court's contingent new-trial ruling, but instead relied on its previous decision.

The court of appeals also referred briefly to the Fennerns' pretext evidence. (App., *infra*, 4a). It observed that, while Massman claimed he discharged the Fennerns for failure to keep the premises clean, they presented evidence that the motel was filthy when the Fennerns took over, Motel 6 hindered their ability to clean the motel, and the relief managers who were on duty while the Fennerns were on vacation were responsible for the motel's cleanliness at the time of Massman's inspection. *Id.*

REASONS FOR GRANTING THE WRIT

I. IGNORING THIS COURT'S DIRECTIVE IN REEVES THAT THE COURT OF APPEALS MUST CAREFULLY CONSIDER THE PROBATIVE VALUE OF THE PROOF THAT THE EMPLOYER'S EXPLANATION IS FALSE, THE NINTH CIRCUIT FOR A SECOND TIME DID NOT ADDRESS AT ALL THE FAILURE OF THE HUTTINGERS TO REBUT POWERFUL EVIDENCE SHOWING THAT THEY WERE DISCRIMINATING AGAINST NATIVE AMERICANS, AND ALSO MISCHARACTERIZED UNDISPUTED EVIDENCE SUPPORTING MOTEL 6'S REASONS FOR DISCHARGING THE FENNERNS AND HUTTINGERS.

In *Reeves v. Sanderson Plumbing Products, Inc.*, 530 U.S. __ (2000), 120 S. Ct. 2097, 2109, this Court set out a road map for the courts of appeals to follow in determining whether a district court has properly granted judgment as a matter of law under Rule 50, Fed. R. Civ. P. Among other things, that directive required the court of appeals carefully to consider the probative value of the plaintiff's proof that the employer's explanation for the plaintiff's discharge was false and other evidence that supports the employer's case. The Ninth Circuit's decision after this Court's remand fails

utterly to do what the *Reeves* decision requires. Rubber stamping its previous decision overturning the trial court's careful analysis of the evidence and JAML and new trial findings, the court of appeals ignored for a second time the critical, unrebutted evidence in the case showing that the Huttinger plaintiffs were actively discriminating against Native Americans — the principal basis for their discharge. The Ninth Circuit's perfunctory review of the evidence also involved serious misstatements of the record that additionally call into question the basis for its overturning the trial court's conclusions to grant Motel 6 JAML and a contingent new trial with respect to the Huttingers and a new trial with respect to the Fennerns.

In *Reeves v. Sanderson Plumbing Products, Inc.*, 530 U.S. __ (2000), 120 S. Ct 2097, 2109, the Court instructed that whether JAML is appropriate depends upon a number of factors, including:

> . . . the strength of the plaintiff's *prima facie* case, the probative value of the proof that the employer's explanation is false, and any other evidence that supports the employer's case and that properly may be considered on a motion for judgment as a matter of law

Following this analysis, courts of appeals in post-*Reeves* cases have affirmed trial courts' JAML or summary judgment findings for the defendant where the plaintiff's pretext evidence was not sufficient to permit a reasonable jury to find that the employer's asserted reason for a discharge was false. *See, e.g.*, *Williams v. Raytheon Company*, 220 F.3d 16, 19-20 (1st Cir. 2000); *Schnabel v. Abramson*, 232 F.3d 83 (2d Cir. 2000); *James v. New York Racing Association*, __ F.3d __ (2d Cir. 2000), 2000 WL 1752908; *Massey v. Blue Cross-Blue Shield of Illinois*, 226 F.3d 922, 924-26 (7th Cir. 2000); *Taylor v. QHG of Springdale, Inc.*, 218 F.3d 898, 899-

901 (8th Cir. 2000); *Stewart v. Adolph Coors Co.*, 217 F.3d 1285, 1288-89 (10th Cir. 2000). While the pretext evidence in the instant cases was considerably weaker than in those cited above, the court of appeals here inexplicably overturned a comprehensive and well-reasoned district court opinion based on uncontroverted evidence fully justifying the discharges of the Huttingers and Fennerns.

A. The *Huttinger* Case.

The Huttingers produced no direct evidence of Motel 6's intent to discriminate against them. Motel 6's principal basis for discharging the Huttingers was that they were discriminating against Native Americans in renting rooms at the Huttingers' motel. The Huttingers did not dispute the authenticity of desk-clerk memoranda discriminating against Native Americans that the Huttingers authored and that relief manager Malone found in the motel's "training desk clerks" file as well as in desk clerk Jenson's personnel file and turned over to Massman. Donna Huttinger admitted using the memoranda until late 1990, when the previous area manager, Bob Williams, instructed her to stop using them. *Id.* She denied using them thereafter. (App., *infra*, 52a-53a).

Motel 6 introduced one of these memoranda discriminating against Native Americans that bore desk clerk Jenson's handwritten name, which Donna Huttinger admitted was in Huttinger's handwriting. (App., *infra*, 53a). Jenson was not hired until 1993, about one month before the Huttingers were discharged. (App., *infra*, 54a). The Huttingers could not explain how Jenson's name came to be on the memorandum. *Id.* Jenson, however, provided that explanation.

Jenson testified that Donna Huttinger remonstrated with her repeatedly for not following the Huttinger check-in policies, including the policy discriminating against Native Americans. (App., *infra*, 54a). On one such occasion, Donna

Huttinger took the discriminatory policy memorandum out of the file, put a pen in Jenson's hand, grasped Jenson's hand and guided it to write Jenson's name on the memorandum. *Id.* Jenson testified that the signed memorandum was then returned to Jenson's personnel file. *Id.* Although the Huttingers had the opportunity to rebut Jenson's and Malone's testimony, they did not do so. *Id.*

The court of appeals ignored the failure of the Huttingers to explain the presence of Jenson's name on the discriminatory memorandum. Instead, the court of appeals summarily pronounced that the "Huttingers discredited the sources of this information, both of whom were disgruntled employees." (App., *infra*, 4a).[9] In fact, the undisputed testimony shows that neither Malone nor Jenson was employed by Motel 6 at the time they testified. Tr. 1354-55, 1557. *See Chesapeake & Ohio Ry Co. v. Martin*, 283 U.S. 209, 216 (1931); *Pennsylvania R. Co. v. Chamberlain*, 288 U.S. 333, 343 (1933) (mere fact that a defense witness once was employed by a defendant no basis for discrediting him). Neither was there any evidence to show that Malone was discontented as a result of anything the Huttingers had done to her. While Jenson did not like Donna Huttinger, that is an insufficient basis for not crediting a witness whose testimony is independently corroborated by undisputed documentary evidence. Particularly is this so where the witness' antipathy is grounded on her being forced to discriminate in violation of federal and state law and Motel 6 policy. In light of this undisputed evidence, no reasonable jury could have found in the Huttingers' favor.

Even more disturbing is the court of appeals' overturning of the trial court's contingent new trial order. While the court of appeals did not detail at all its reasons for doing so

9. In its earlier decision, the court of appeals found that Malone was not disinterested because she took over as manager after the Huttingers' discharge. (App., *infra*, 14a).

(*see* App., *infra*, 15a) the reversal must have based at least in part on the court of appeals' unwillingness to accept Malone's and Jenson's testimony. Judge Winmill saw Malone, Jenson and the Huttingers testify; the court of appeals did not. On a motion for a new trial, Judge Winmill was entitled to evaluate their credibility. *See, e.g., Byrd v. Blue Ridge Rural Electric Cooperative, Inc.*, 356 U.S. 525, 540 (1958); *Harris v. Secretary, United States Department of the Army*, 119 F.3d 1313, 1318 (8th Cir. 1997); *DLC Management Corp. v. Town of Hyde Park*, 163 F.3d 124, 134 (2d Cir. 1998). The scope of appellate review of the trial court's decision on a new trial motion is thus quite narrow. *Sulmeyer v. Coca Cola Company*, 515 F.2d 835, 851-52 (5th Cir. 1975). In this case, the court of appeals plainly exceeded its authority in throwing out Jenson's and Malone's testimony.

The court of appeals also relied on the fact that Massman had held his position for less than a month before he terminated the Huttingers, "never inquired about the Huttingers' alleged discriminatory policies before terminating them. . . ." (App., *infra*, 14a), and never gave them an opportunity to respond to the allegations (App., *infra*, 4a). In fact, the undisputed evidence shows that the decision to terminate the Huttingers was made by Griffith, an experienced executive, and Massman together. Tr. 920-21, 1079-80. All the record evidence shows that before discharging the Huttingers, Massman obtained their discriminatory policy memoranda and interviewed employees at the motel, at Griffith's direction. Tr. 1079-82, 1091-92. While Massman and Griffith decided to discharge the Huttingers before they returned from vacation, Massman met with the Huttingers after their return. Ex. 75. At that time, the Huttingers could offer no more explanation for their transgressions than they have to this day — a general denial that they were discriminating against Native Americans. *Id.*

The court of appeals also observed that "without any warning, Massman" discharged the Huttingers upon their return from vacation, without first looking at their personnel files. (App., *infra*, 3a-4a). The statement is at least partially inaccurate. It is not disputed that the Huttingers were warned by their previous area manager about discriminating against Native Americans. (App., *infra*, 52a). Moreover, while review of the Huttingers' personnel file would have revealed good prior evaluations, the Huttingers produced nothing from their personnel file that would have permitted Massman to overlook the Huttingers' blatant discrimination. Surely in so serious a matter as discrimination against Native Americans, Motel 6 was entitled to act quickly and decisively, and no reasonable jury could have found otherwise.

Motel 6 also relied on the fact that the Huttingers committed numerous safety and security violations. The district court found that Donna Huttinger admitted the existence of some of the violations, some of which involved violation of Motel 6's key control policy, and was unsure of the existence of others. (App., *infra*, 55a-56a). In reversing, the court of appeals claimed that Massman discovered the violations in an early inspection "but never divulged the violations to the Huttingers." (App., *infra*, 4a). Art Huttinger denied that he had had a "discussion" with Massman concerning the key policy. Tr. 812. Huttinger admitted, however, that he had discussed with Massman Huttinger's violation of the blue tag "key policy" at an inspection on May 13, 1993, four months before his discharge. Tr. 807-08, 812. Massman testified that on May 13 he spoke to Huttinger about the violations and gave a copy of his May 13 action report, which included a listing of the various key policy violations, to the Huttingers. Pl. Ex. 85, 96; Tr. 1043. Thus, the court of appeals mischaracterized the record. Huttinger admitted he was aware of at least one key policy violation, but had failed to rectify it in the four months preceding his discharge.

The court of appeals did not address at all Motel 6's third reason for discharging the Huttingers: widespread employee complaints. Among other things, the trial court found that Art Huttinger admitted that he ordered an on-duty employee to wash the Huttinger's personal motor home, a clear violation of Motel 6 policy. (App., *infra*, 57a; Tr. 818).

B. The Fennerns.

Observing that the Fennerns had made a strong *prima facie* case, the court of appeals found that the Fennerns were replaced by persons who were "significantly younger . . ." than they. (App., *infra*, 3a). That is not correct. As the district court found, Delores Fennern, age 58, was replaced by a manager who was 49. (App., *infra*, 36a, 61a n.20). While the Fennerns were hired and discharged as a team, the undisputed evidence shows that the *responsibility* for running the motel was the manager's and that she was compensated accordingly. Thus, the official job description for manager states that the "manager is responsible for the implementation of the standards and procedures at the property . . . to ensure proper operations." Pl. Ex. 29. The manager is also responsible for the "[s]upervision of all aspects of employment for motel staff. . . ." *Id.* The assistant manager "is an hourly employee who is assigned a variety of duties by the Manager, based on the daily demands of the property." *Id.* Among these, he must "[h]andle duties of desk clerk as needed." *Id.*

The court of appeals acknowledged that Motel 6 may have had valid reasons to discharge the Fennerns for not keeping their motel clean (App., *infra*, 15a). The court of appeals reversed the district court's new trial holding because there was "ample evidence" Motel 6 hindered the Fennerns' ability to clean the motel (they claimed not to have the new equipment they needed), the motel was filthy when the Fennerns took over, and the relief managers on duty when

the Fennerns were on vacation were responsible for the cleanliness of the motel. (App., *infra*, 4a).

There is no dispute that the motel was filthy when the Fennerns took over. They were asked to bring it up to standard within six months. (App., *infra*, 45a). There is also no dispute that the Fennerns failed to do so. (App., *infra*, 44a). The district court relied on the fact that uncontroverted documentary evidence showed the Fennerns actually received more supplies than they initially claimed, and that even with the old equipment they had at the motel they could have cleaned the motel in one month (App., *infra*, 64a). The record does support the court of appeals' suggestion that the relief managers who were at the Fennerns' motel only for the three weeks while the Fennerns were on vacation were responsible for bringing a filthy motel up to standard. Their function was limited to "conducting normal routine duties . . ." and providing coverage while the regular managers were on vacation. Pl. Ex. 27, Tr. 190-91. They were simply "baby-sitting" the motel. Tr. 1135.

II. THE CIRCUIT COURT IMPROPERLY GRANTED THE FENNERNS' 28 U.S.C. § 1292(b) PETITION, IN THE ABSENCE OF A DISTRICT COURT FINDING THAT THE CASE PRESENTED A CONTROLLING QUESTION OF LAW AS TO WHICH THERE WAS A SUBSTANTIAL GROUND FOR A DIFFERENCE OF OPINION.

While certifying the Fennerns' case for appeal, the district court specifically found that there was *not* a substantial ground for a difference of opinion on any controlling issue of law. (App., *infra*, 26a, 31a). Under 28 U.S.C. § 1292(b), a district court cannot certify a case for appeal unless it first affirmatively finds that "there is a controlling question of law as to which there is substantial ground for difference of opinion. . . ." That indeed is the view

of the Seventh and Eighth Circuits. *See Union Oil Co. of California v. John Brown E&C*, 121 F.3d 305, 311 (7th Cir. 1997); *Bullock v. Baptist Memorial Hospital*, 917 F.2d 58, 59-601 (8th Cir. 1987); *Lerner v. Atlantic Richfield Co.*, 690 F.2d 203, 209 (Temp. Emer. Ct. of App. 1982) (dicta). Accordingly, the district court should not have certified the case for an interlocutory appeal and the court of appeals did not have jurisdiction to consider the appeal. Moreover, the district court's reliance on judicial economy and party fairness do not meet the stringent requirements applied by this Court and in other circuits for appealing the nonfinal order in this case. The question presented here is one of considerable importance in Court's consideration of the appropriate procedures for appellate review and the potential for abuse of the interlocutory appeal process.

A. The District Court's Order of Certification.

In its Order of Certification, the district court considered each of five legal issues that the Fennerns contended involved a controlling question of law upon which there were substantial grounds for difference of opinion. The district court refused to certify the case on the basis of any of these issues (App., *infra*, 26a-29a). Only as to the third assignment of error — whether the district court was permitted to examine the inference of discrimination drawn by a jury — did the court find that there was substantial ground for difference of opinion. *Id.* at 27a. The court found, however, that "the result did not turn on this question of law." *Id.* In other words, the issue was not dispositive in this case. Accordingly, the district court stated it was "reluctant" to certify its ruling on that issue. *Id.* at 27a. The district court concluded that it viewed "an interlocutory appeal of any individual question of law to be unwarranted. . . ." (App., *infra*, 30a).

The district court nonetheless decided that, as a matter of judicial economy and fairness to the litigants, the Fennerns should be permitted to take an interlocutory appeal. *Id.* The court noted that it had granted Motel 6 judgment as a matter of law on the willful violation issue — one of those which Plaintiffs sought to appeal — and that the willfulness question would not be submitted to the jury at the second trial. *Id.* at 29a. The court reasoned that if an interlocutory appeal was not permitted now a "disturbing result" might occur after the second trial. *Id.* at 29a-30a. The court of appeals might affirm the new trial order but order a new trial on the willful violation issue, thus requiring a time-consuming third trial. *Id.* The district court concluded that this possible result "favors allowing an immediate appeal." *Id.* Accordingly, the district court certified the case for an interlocutory appeal pursuant to 28 U.S.C. § 1292(b). *Id.* at 31a.

B. The Court of Appeals Decision.

Over Motel 6's opposition, the court of appeals, in a one-sentence order, granted the Fennerns permission to appeal pursuant to 28 U.S.C. § 1292(b). (App., *infra*, 20a).

C. The Court of Appeals Did Not Have Jurisdiction to Hear the Fennerns' Appeal.

Section 1292(b) provides a mechanism by which litigants can take an immediate appeal of a nonfinal order upon the consent of both the district court and the court of appeals. *In re Cement Antitrust Litigation*, 673 F.2d 1020, 1025-26 (9th Cir. 1982). Before accepting an interlocutory appeal a court of appeals must first determine whether the district court has properly found that all the certification requirements of the statute have been met. *Id.* The second of these requirements is that there be a substantial ground for difference of opinion on a controlling question of law. 28 U.S.C. § 1292(b). In the absence of a district court finding

that there is substantial ground for difference of opinion on a controlling question of law a court of appeals does not have jurisdiction to entertain a petition under Section 1292(b). *Id. See Union Oil Co. of California v. John Brown E&C*, 121 F.3d 305, 311 (7th Cir. 1997) (appeal granted only if district court believes an issue involves a controlling question of law as to which there is substantial ground for difference of opinion and "says so in writing. . . ."); *Bullock v. Baptist Memorial Hospital*, 917 F.2d 58, 59-60 (8th Cir. 1987) (district court reliance on fact that immediate appeal will enable court to hear action against all defendants at one time and in one forum does not confer jurisdiction on court of appeals under § 1292(b) in absence of district court finding that there is a controlling question of law on which there is substantial ground for difference of opinion); *Lerner v. Atlantic Richfield Company*, 690 F.2d 203, 209 (Temp. Emer. Ct. of App. 1982) (dicta).

In our case, the district court specifically found that there was no controlling issue of law on which there was substantial ground for difference of opinion under Section 1292(b). Thus, the jurisdictional prerequisite for a petition to the court of appeals had not been met and the Fennerns' petition should have been dismissed. The district court could not escape this jurisdictional requirement by relying solely on judicial economy and fairness to the litigants. There is no precedent for such an approach.[10]

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10. The district court's case, *Katz v. Carte Blanche Corp.*, 496 F.2d 744, 755 (3d Cir. 1974) does not stand for the proposition that it may ignore the statutory requirement that there be substantial ground for difference of opinion on a controlling question of law, if it simply finds that an immediate appeal will serve judicial economy and party fairness. Thus, in *Katz*, the district court had specifically found that the 1292(b) criteria had been met. *Id.* at 752. The court of appeals merely observed that avoidance of wasted trial time and litigation expenses is a policy favoring interlocutory appeal that may impact on the controlling-question-of-law issue.

D. The Court's Findings On Judicial Economy and Party Fairness In Any Event Do Not Satisfy The Stringent Requirements Under Section 1292(b).

Assuming for argument's sake that a district court's finding that judicial economy and party fairness might serve as an independent ground for certification under Section 1292(b), a proposition we strongly dispute, Motel 6 submits that the district court's findings fell far short of meeting the very high standard for appealing a nonfinal order.

The party seeking to appeal a nonfinal order has the burden of demonstrating that "*exceptional circumstances* justify a departure from the basic policy of postponing appellate review until after the entry of a final judgment." *Coopers & Lybrand v. Livesay*, 437 U.S. 463, 475 (1978) (emphasis added), quoting from *Fisons, Ltd. v. United States*, 458 F.2d 1241, 1248 (7th Cir. 1972). *See* the Ninth Circuit's decision in *In re Cement Antitrust Litigation, supra*, 673 F.2d at 1026, observing that the legislative history of § 1292(b) revealed that: ". . . this section was to be used only in *exceptional situations* in which allowing an interlocutory appeal would avoid protracted and expensive litigation." *Id.* (emphasis added). The "exceptional case" doctrine applies to orders granting new trials. *See Massey v. Gulf Oil Corp.*, 508 F.2d 92 (5th Cir. 1975); *Shows v. Jamison Bedding, Inc.*, 671 F.2d 927, 930 n.2 (5th Cir. 1982); *Nebel v. Avichal Enterprises, Inc.*, 125 F.R.D. 415, 420 (D.N.J.).

The district court relied on the fact that resolution of the willfulness issue might have avoided a third trial later. (App. *infra*, 29a-30a). The same could be said, however, of many evidentiary issues involving a district judge's exclusion of documentary evidence or testimony at the first trial. That evidence would be excluded at the second trial, but we know of no cases that hold that an evidentiary question of that sort constitutes exceptional circumstances warranting

an interlocutory appeal. *See Steele v. Wiedmann Machine Company*, 280 F.2d 380, 383-84 (3d Cir. 1960).

Section 1292(b) is not a vehicle for piecemeal appeals, and there was no basis for going that route here. The court of appeals should have denied the Fennerns' petition. It did not have jurisdiction to hear the case.

Since court of appeals used the facts in the *Fennern* case for its reversal of the district court's finding that the two cases were improperly consolidated, the court of appeals' decision on the consolidation question must be reversed.

III. THE COURT OF APPEALS FAILED PROPERLY TO APPLY AN ABUSE OF DISCRETION STANDARD TO THE DISTRICT COURT'S FINDING THAT THE CASES WERE IMPROPERLY CONSOLIDATED.

Without finding that the district court had abused its discretion, the court of appeals reversed the district court's granting of a new trial in the *Fennern* case for the additional reason that the *Fennern* and *Huttinger* cases should not have been consolidated for trial and that Motel 6 was seriously prejudiced thereby. (App., *infra*, 11a). The question of the standard to be applied where a district court decides after the verdict in a civil case that a defendant was prejudiced by the consolidation of two insufficiently related cases appears to be one of first impression. The issue is nonetheless an important one in the federal appellate review process. Here, the court of appeals has simply substituted its judgment for that of the district court, and did so after misstating the record in two crucial respect.

Unless the trial court has abused its broad discretion, a reviewing court may not overturn a trial court's refusal to consolidate cases for trial. *Anderson v. Bessemer City*, 470 U.S. 564, 573-74 (1985). If the trial court's initial decision is reviewed for an abuse of discretion, the trial court's later decision, finding that the consolidation resulted in serious prejudice to the

Defendants, should be judged by the same standard. Under that standard, a reviewing court may not simply substitute its judgment as to the weight of the evidence for that of the trial judge. If the district court's account of the evidence is plausible in light of the evidence viewed in its entirety it must be affirmed.

In the instant cases, the district court relied in significant part on the "substantial differences in the reasons for discharges" between the Huttingers and Fennerns, finding that the similarities regarding age differentials and the temporal proximity of the discharges to their vacations in both cases, "pale by comparison" and were inconsequential. (App., *infra*, 68a).[11] In reversing the district court, the court of appeals relied on the following: "[E]ach case involved similar allegations against the same Motel 6 managers, and the same patterns of furtive inspections followed by instant terminations." *Id.* at 11a. Obviously, there is a direct conflict between the district court's finding that the reasons given for the discharges were substantially different and the court of appeals' finding that the reasons involved "similar allegations." In these circumstances, under an abuse-of-discretion standard, or even under a stricter standard of review, the panel should have explained why the district court's "substantial differences" finding was not supported in the record. The court of appeals did not do so. There is absolutely no evidence to support the proposition that the reasons for the discharges in the two cases were "similar" or even overlapped at all. In fact, the record evidence demonstrates that the reasons for the discharges in the two cases were quite different, as the district court found. *See supra* at pp. 5, 10, and (App., *infra*, 34a, 39a).

There is also no evidence to support another of the court of appeals' findings of similarities in the two cases: "the same

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11. Notably, the district court found that, at the same time that Massman and Griffith were discharging the Huttingers, they granted the Fennerns' request to move to a smaller, more manageable motel in Idaho Falls. (App. *infra*, 58a n.17).

pattern of furtive inspections. . . ." (App., *infra*, 11a). Massman went openly to the Huttingers' motel to investigate specific complaints of discrimination by the Huttingers, a most serious matter whose resolution he and Griffith rightly concluded should not wait until the Huttingers' return. (App., *infra*, 46a, 48a; Tr. 1079, 1080-82). In contrast, Massman, along with Griffith, did a complete inspection of the Fennerns' motel after Massman had stayed at the motel frequently but had not seen the process of cleaning it up that he was expecting. Tr. 1129. The "pattern" was not the same in the two cases. Since the two cases were quite dissimilar in the most important respects, the court of appeals was also not entitled to rely on inconsequential "similarities" in the case to reject the district court's finding that Motel 6 was severely prejudiced by the district court's decision to preclude Motel 6's statistical evidence on age discrimination complaints. In sum, the court of appeals had no significant basis for finding that the district court's decision to grant a new trial because the cases were wrongly consolidated was an abuse of discretion or was otherwise incorrect.

CONCLUSION

For the foregoing reasons, the Court should grant Motel 6's petition for certiorari in these cases and reverse the court of appeals rulings on the issues presented in these cases.

Respectfully submitted,

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APPENDIX

APPENDIX A — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT DATED AND FILED SEPTEMBER 15, 2000

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 98-35533
D.C. No. 95-CV-262-BLW

ART HUTTINGER, HUSBAND, AND
DONNA HUTTINGER, WIFE

Plaintiffs-Appellants,

v.

MOTEL 6 OPERATING LP; MOTEL 6 GP, INC.,

Defendants-Appellees.

No. 98-35608
D.C. No. 95-CV-121-BLW

JAMES FENNERN, HUSBAND, AND
DELORES FENNERN, WIFE

Plaintiffs-Appellants,

v.

MOTEL 6 OPERATING LP; MOTEL 6 GP INC.;
JOHN DOES, 1-4,

Defendants-Appellees.

Appendix A

ORDER

Before: B. FLETCHER, REINHARDT and THOMAS, Circuit Judges

On July 6, 1999, we decided in an unpublished memorandum disposition to reinstate the jury verdicts in favor of the plaintiffs in the above captioned cases. The Supreme Court granted a writ of certiorari, vacated the memorandum disposition, and remanded for further consideration in light of its recent opinion in *Reeves v. Sanderson Plumbing Products*, 530 U.S. __, 120 S.Ct. 2097 (2000). *See Motel 6 Operating L.P. v. Huttinger*, 530 U.S. __, 120 S.Ct. 2687 (2000). After due consideration, we reinstate our memorandum disposition.

In *Reeves*, the Supreme Court held that "a plaintiff's prima facie case, combined with sufficient evidence to find that the employer's asserted justification is false, may permit the trier of fact to conclude that the employer unlawfully discriminated." 120 S.Ct. at 2109.

The district court granted judgment as a matter of law to the defendant in the Huttingers' case. To determine whether, in a particular case, an employer is entitled to judgment as a matter of law, *Reeves* instructs that we consider "[1] the strength of the plaintiff's prima facie case, [2] the probative value of the proof that the employer's explanation is false, and [3] any other evidence that supports the employer's case and that properly may be considered on a motion for judgment as a matter of law." 120 S.Ct. at 2109. "Under Rule 50 a court should render judgment as a matter of law when 'a party has been fully heard on an issue and

there is no legally sufficient evidentiary basis for a reasonable jury to find for that party an that issue.' Fed. Rule Civ. Proc. 50(a); *see also Weisgram v. Marley Co.*, 528 U.S. __, __ (2000) (slip op., at 5-7)." *Id.*

In addition to granting judgment as a matter of law against the Huttingers, the district court also granted, in the alternative, a new trial. The district court also granted a new trial to the Fennerns. A district court may grant a new trial only if "the verdict is contrary to the clear weight of the evidence, or is based upon evidence which is false, or to prevent, in the sound discretion of the trial court, a miscarriage of justice." *United States v. 4.0 Acres of Land*, 175 F.3d 1133, 1139 (9th Cir. 1999) (internal quotation marks omitted). We review a district court's grant of a new trial for abuse of discretion. *See id.*

As set forth in our memorandum disposition, both the Huttingers and the Fennerns presented strong prima facie cases, and produced evidence that the employers' asserted justifications for their firings were false. The Huttingers were sixty-eight and fifty-five, and the Fennerns were sixty and fifty-eight when they were fired. Both husband and wife management teams were replaced by couples who were significantly younger, less experienced, and received substantially lower salaries. This establishes prima facie cases of age discrimination as to both couples. *See Wallis v. J.R. Simplot Co.*, 26 F.3d 885, 891 (9th Cir. 1994). The plaintiffs also presented strong evidence that the reasons given by Motel 6 for their firings were false. Both firings were precipitated when the Motel 6 area manager, Doug Massman, paid surprise visits to the motels managed by the Huttingers and the Fennerns while they were away on vacation. In both cases, without any warning, Massman fired

the plaintiffs immediately upon their return. Also, in both cases Massman never looked at their personnel files before firing the plaintiffs.

In the Huttingers' case, one of the Massman's reasons for the firing was that the Huttingers purportedly mishandled the keys, a violation that he claims to have discovered in an earlier inspection but never divulged to the Huttingers. Massman also asserted that the Huttingers maintained an unlawful policy of discriminating against Native Americans, but never gave them an opportunity to respond to the allegations. At trial, the Huttingers discredited the sources of this information, both of whom were disgruntled employees. Massman claimed he fired the Fennerns for failure to keep the premises clean but evidence presented to the jury showed that the motel was filthy when the Fennerns took over and that Motel 6 had hindered the Fennerns' ability to clean the motel, and that the relief managers who were on duty when the Fennerns were on vacation were responsible for the cleanliness at the time of Massman's inspection.

We reinstate our holding that the district court erred in granting judgment as a matter of law against the Huttingers because, viewing the evidence in the light most favorable to the Huttingers, the plaintiffs presented a strong prima facie case and introduced weighty evidence demonstrating that their employer's stated rationales for firing them were false. We also reinstate our reversal of the district court's grant of new trials for the Huttingers and Fennerns for the reasons set forth in our prior memorandum.

MEMORANDUM AND JURY VERDICTS REINSTATED

APPENDIX B — ORDER OF THE SUPREME COURT OF THE UNITED STATES DATED JUNE 19, 2000

SUPREME COURT OF THE UNITED STATES

***No.* 99-937**

**MOTEL 6 OPERATING L. P.,
and ACCOR ECONOMY LODGING, INC.,**

Petitioners

v.

**ART HUTTINGER, ET UX.,
and JAMES FENNERN, ET UX.**

ON WRIT OF CERTIORARI to the United States Court of Appeals for the Ninth Circuit.

THIS CAUSE having been submitted on the petition for a writ of certiorari and response thereto.

ON CONSIDERATION WHEREOF, it is ordered and adjudged by this Court that the judgment of the above court is vacated with costs, and the case is remanded to the United States Court of Appeals for the Ninth Circuit for further consideration in light of *Reeves v Sanderson Plumbing Products, Inc.*, 530 U S __ (2000).

IT IS FURTHER ORDERED that the petitioners Motel 6 Operating L. P., and Accor Economy Lodging, Inc., recover from Art Huttinger, et ux., and James Fennern, et ux. Three Hundred Dollars ($300.00) for costs herein expended.

June 19, 2000

Clerk's costs: $300.00

APPENDIX C — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT DATED AND FILED JULY 6, 1999

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 98-35533
D.C. No. 95-CV-262-BLW

ART HUTTINGER, HUSBAND, AND
DONNA HUTTINGER, WIFE

Plaintiffs – Appellants,

v.

MOTEL 6 OPERATING LP; MOTEL 6 GP, INC.,

Defendants – Appellees.

No. 98-35608
D.C. No. 95-CV-121-BLW

JAMES FENNERN, HUSBAND, AND
DELORES FENNERN, WIFE

Plaintiffs – Appellants,

v.

MOTEL 6 OPERATING LP; MOTEL 6 GP INC.;
JOHN DOES, 1-4,

Defendants – Appellees.

Appendix C

ORDER

Argued and Submitted March 9, 1999
Seattle, Washington

Consolidated appeals from the United States District Court
for the District of Idaho
B. Lynn Winmill, District Judge, Presiding

Argued and Submitted March 9, 1999
Seattle, Washington

Before: B. FLETCHER, REINHARDT, and THOMAS, Circuit Judges.

Art and Donna Huttinger and James and Delores Fennern, former managers at Motel 6 motels, appeal the district court's reversal of jury verdicts in their favor in their consolidated age discrimination actions against Motel 6. Both couples were discharged by Motel 6 after the same company officials inspected their motels while they were away on vacation. Both were replaced by younger, less experienced husband and wife management teams that received substantially lower wages.

After the jury returned verdicts favorable to both plaintiffs, the district court granted judgment as a matter of law against the Huttingers, and in the alternative, a new trial. The court denied judgment as a matter of law to Motel 6 in the Fennern case, but granted a new trial. We have jurisdiction pursuant to 28 U.S.C. § 1291, and we reverse. We reinstate both jury verdicts.

Appendix C

The Huttingers

Art and Donna Huttinger managed a Motel 6 in Pocatello, Idaho, and had managed motels for Motel 6 from 1985 until their termination in 1993. At the time of their discharge, Art was sixty-eight years of age and Donna was fifty-five. They had always received satisfactory evaluations, and Donna, as manager, received merit pay increases for each year of employment. A former area manager testified that the Huttingers were among the best managers he had.

Motel 6 insists that one of the reasons for the discharge was the Huttingers' discrimination against Native Americans. There are several Native American reservations near the Pocatello Motel 6. The Huttingers contend that the motel is plagued with prostitution and alcohol-related problems and frequented by drunk locals who destroy the rooms. To minimize those problems, the Huttingers maintained a no-rent list of problematic customers. Motel 6 obtained a copy of a discriminatory rental policy that the Huttingers testified they had ceased using in 1991. The parties dispute how Motel 6 obtained the policy statement. A desk clerk, Theresa Jensen, who apparently did not get along well with Donna Huttinger, testified that a discriminatory policy was in effect when she worked at the motel and that she was reprimanded for not seeking manager approval of "Indians."

When the Huttingers were away on vacation in May 1993, Aileen and James Malone ran the motel as relief managers. Aileen contacted the new area manager, Doug Massman, to report employee unrest. Massman, who had inspected the motel in the two weeks prior to Aileen's call,

returned to the motel for another inspection in the Huttingers' absence. Motel 6 insists that the employees spontaneously reported their dissatisfaction with the Huttingers. Massman fired the Huttingers when they returned from vacation on June 2, 1993, without any warning. He alleged that they had violated a company policy as to how they handled room keys, a violation he claims to have discovered in his first inspection but never divulged to the Huttingers. He also asserted that the Huttingers maintained an unlawful policy of discriminating against Native Americans. Massman did not give the Huttingers an opportunity to respond to the allegations. He never reviewed their personnel files before terminating them.

The Malones replaced the Huttingers as managers. Aileen was forty-three and James was forty-five at that time. Aileen wanted Motel 6 to employ her in Idaho so that she could be closer to her family. The Malones received lower salaries. Motel 6 had paid Donna Huttinger $660.16 biweekly, but paid James Malone only $376.40. Art Huttinger had received an hourly wage of $4.25 per hour, the same wage Motel 6 paid to Aileen Malone.

The Huttingers filed a claim under the Idaho Human Rights Act ("IHRA"), Idaho Code § 67-5901 *et seq.*[2] The jury returned a verdict in favor of the Huttingers, finding that age was a motivating factor in their termination and that Motel 6 had willfully violated the statute. The jury awarded Art Huttinger $45,307.20 in back pay, $1,826.80 in front

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2. Because they failed to timely file an EEOC complaint, they were precluded from bringing a claim under the Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq.*

pay, and $1,000 in punitive damages under the Idaho Human Rights Act, for a total judgment of $48,134. The jury awarded Donna Huttinger $76,087.20 in back pay, $2,729.80 in front pay, and $1,000 in punitive damages for a total award of $79,817.

Post trial, the district court granted judgment as a matter of law in favor of Motel 6, and in the alternative, a new trial, on the issues of liability and willfulness of the violation. The district court certified its order granting judgment as a matter of law as a final appealable judgment pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, and the Huttingers timely appealed.

The Fennerns

James and Delores Fennern managed a Motel 6 in Idaho Falls, Idaho, and had managed motels for Motel 6 since 1981. They took over a filthy facility and were made responsible for cleaning it up. In December 1993, Massman and Scott Griffith, another supervisor, inspected the Fennerns' motel while the Fennerns were on vacation. Massman and Griffith noted several violations, mostly involving the cleanliness of the motel. At trial, the staff explained that Massman had insisted on getting his room immediately, before they had a chance to clean it thoroughly, and that the relief managers were responsible for the motel's cleanliness during the Fennerns' absence.

Massman fired the Fennerns the night they returned from vacation. Jim was sixty years old and Delores was fifty-eight. Massman never looked at their personnel files before firing

them. He did not know that the Fennerns had successfully cleaned up motels in other cities, and opened new motels.

Mike and Loree Shearouse relatively inexperienced managers, replaced the Fennerns. Michael was thirty-five and Loree was forty-nine. Michael had two months of experience managing motels for Motel 6 and Loree had six months of experience. The Shearouses received cleaning support that the Fennerns did not receive. Delores Fennern had received a biweekly salary of $820; Loree Shearouse received a biweekly salary of $346.40. Jim Fennern received an hourly wage of $4.25, the same as Michael Shearouse.

The Fennerns filed claims under the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. § 621 *et seq.*, and the IHRA. The jury returned a verdict in favor of the Fennerns, finding that age was a motivating factor in their termination and that Motel 6 had willfully violated the statute. The jury awarded Jim Fennern $15,583 in back pay, $12,323.70 in front pay, and $15,583 in exemplary damages[3] for a total award of $43,489.70. The jury awarded Delores Fennern $64,471 in back pay, $57,622.30 in front pay, and $64,471 in exemplary damages for a total award of $186,564.30.

The district court denied Motel 6's motion for judgment as a matter of law as to liability, but granted a new trial, finding the evidence insufficient to justify a favorable verdict

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3. *The district court ruled separately that liquidated damages under the ADEA and punitive damages under the Idaho Human Rights Act were duplicative, and awarded only the higher* ADEA damages.

for the Fennerns, and concluding that consolidating the trials had been an error that severely prejudiced Motel 6. The court also granted judgment as a matter of law and a conditional new trial on Motel 6's willful violation of the statutes. The district court certified its order as appealable under 28 U.S.C. § 1292(b) and this court accepted the appeal. The Fennerns timely appealed.

ANALYSIS

1. Age Discrimination Claims

The Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq.* forbids an employer from discriminating against employees over the age of forty on account of age. *See* 29 U.S.C. §§ 623, 631. The Idaho Human Rights Act, 67-5901 *et seq.*, similarly protects older employees and employs the same legal standards as the ADEA. *See O'Dell v. Basabe*, 119 Idaho 796, 811, 810 P.2d 1082 (1991). The Huttingers and the Fennerns, both over age forty, argue that Motel 6 terminated them because of their age.

Age discrimination claims are subject to the same, familiar burden-shifting analysis articulated in *McDonnell Douglas Corp. v. Green*, 411 U.S. 792, 802-03 (1973). *See Wallis v. J.R. Simplot Co.*, 26 F.3d 885, 888-89 (9th Cir. 1994). The plaintiff has the initial burden of establishing a prima facie case of discrimination and must prove that she was (1) a member of a protected class, age 40-70; (2) performing her job in a satisfactory manner; (3) discharged; and (4) replaced by a substantially younger employee with equal or inferior qualifications. *Id.* at 891. The establishment

of a prima face case "in effect creates a presumption that the employer unlawfully discriminated against the employee." *St. Mary's Honor Center v. Hicks*, 509 U.S. 502, 506 (1993). The burden then shifts to the employer to show a legitimate, nondiscriminatory reason for its employment decision. *See McDonnell-Douglas*, 411 U.S. at 802. The burden then shifts back to the plaintiff to show that the employer's stated reason was pretextual. *See id.* at 804. The ultimate burden of persuading the trier of fact remains at all times with the plaintiff. *See St. Mary's Honor Center*, 509 U.S. at 507.

Both sets of plaintiffs undisputedly established a prima facie case of discrimination. Motel 6 met its burden by advancing nondiscriminatory reasons for its decisions to terminate the Huttingers and Fennerns. Because the plaintiffs retain the burden of persuasion, we must determine whether the plaintiffs produced evidence that undermined Motel 6's alleged nondiscriminatory reasons for termination and whether that evidence supported the jury's conclusion that age was a motivating factor in each plaintiffs' termination. *See e.g., St. Mary's Honor Center*, 509 U.S. at 511.

1. Judgment as a Matter of Law Against the Huttingers

We review de novo a district court's decision to grant judgment as matter of law. *EEOC v. Pape Lift Inc.*, 115 F.3d 676, 680 (9th Cir. 1997). Judgment as a matter of law is appropriate only where the evidence, construed in the light most favorable to the nonmoving party, "permits only one reasonable conclusion, and that conclusion is contrary to that of the jury." *Forrett v. Richardson*, 112 F.3d 416, 419 (9th Cir. 1997); *accord Omega Envtl., Inc. v. Gilbarco, Inc.*, 127

F.3d 1157, 1161 (9th Cir. 1998). Judgment as a matter of law may not be used simply because of disagreement with a jury's verdict.

The standard for granting judgment as a matter of law is the same as that for granting summary judgment. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). "If a plaintiff succeeds in raising a genuine factual issue regarding the authenticity of the employer's stated motive, . . . it is for the trier of fact to decide which story is to be believed." *Washington v. Garrett*, 10 F.3d 1421, 1433 (9th Cir. 1993). A fact finder's "rejection of the defendant's proffered reasons will *permit* the trier of fact to infer the ultimate fact of intentional discrimination," but it does not compel judgment for the plaintiff. *See St. Mary's Honor Center*, 509 U.S. at 511 (emphasis in original).

The sources of the evidence against the Huttingers — a relief manager who took over the Huttingers' managerial role after their termination, and a disgruntled employee — were not "disinterested" witnesses as the district court concluded. The evidence that the area manager who terminated the Huttingers held that position for less than one month before conducting his surreptitious inspections, never reviewed their personnel files, and never inquired about the Huttingers' alleged discriminatory policies before terminating them was before the jury. Although the evidence could have supported a jury verdict in favor of either party, it does not compel a verdict in favor of Motel 6. Judgment as a matter of law, therefore, was inappropriate.

Appendix C

2. New Trial for the Huttingers and the Fennerns

We review for an abuse of discretion a district court's grant of a new trial. *Anheuser Busch v. Natural Beverage Distrib.*, 69 F.3d 337, 346 (9th Cir. 1995); *Roy v. Volkswagen of America, Inc.*, 896 F.2d 1174, 1176 (9th Cir. 1990), *amended*, 920 F.2d 618 (1991). We also review for an abuse of discretion a district court's conditional grant of a new trial pursuant to Federal Rule of Civil Procedure 50(c)(1). *Ace v. Aetna Life Ins. Co.*, 139 F.3d 1241, 1248 (9th Cir. 1998).

The district court may grant a new trial only if "the verdict is contrary to the clear weight of the evidence, or is based upon evidence which is false, or to prevent, in the sound discretion of the trial court, a miscarriage of justice." *Roy*, 896 F.2d at 1176; *see also Oltz v. St. Peter's Community Hosp.*, 861 F.2d 1440, 1452 (9th Cir. 1988). We must uphold the district court if any of its grounds for granting a new trial are reasonable. *Oltz*, 861 F.2d at 1452. However, a district court may not grant or deny a new trial merely because it would have arrived at a different verdict. *Wilhelm v. Associated Container Transp. (Australia) Ltd.*, 648 F.2d 1197, 1198 (9th Cir. 1981).

The jury's verdict in favor of the Huttingers is not against the clear weight of the evidence, the reason advanced by the district court. Although the jury could have believed Motel 6, there was ample evidence supporting the jury's favorable verdict for the Huttingers. A conditional new trial should not have been granted.

Appendix C

We disagree with the district court's conclusion that a new trial was warranted in the Fennern case because the evidence "strongly indicates that a mistake was committed by the jury in rendering its verdict," that the jury incorrectly inferred the ultimate fact of age discrimination, and that Motel 6 was prejudiced by the consolidation of the trials. Although there was evidence to suggest that Motel 6 may have had valid reasons to terminate the Fennerns because they did not keep the motel clean, there was ample evidence showing that Motel 6 had hindered the Fennerns' ability to clean the filthy motel they took over, that relief managers were responsible for cleanliness in the managers' absence, and that the Fennerns were fired because of their age.

We reject the district court's unsupported "alternative and better view" for deciding to grant a new trial. The court also erred in comparing only the relative ages of the Mrs. Fennern and Mrs. Shearouse to find a weak inference of age discrimination. The couples were hired as teams, not individuals. We conclude that the verdict was not contrary to the clear weight of the evidence.

We also reject the district court's decision to grant a new trial because it reconsidered the wisdom of consolidating the cases. A district court has broad discretion to consolidate similar cases. *Investors Research Co. v. United States Dist. Court*, 877 F.2d 777 (9th Cir. 1989). Here, each case involved similar allegations against the same Motel 6 managers, and the same pattern of furtive inspections followed by instant terminations. The parties extensively briefed the issue of consolidation before the district court decided to consolidate the cases. Given the similarities between the cases, Motel 6

was not severely prejudiced by the plaintiffs' decision not to offer statistical evidence of a pattern and practice of age discrimination throughout Motel 6's operations.

3. Willful violation

The jury also determined that Motel 6 had willfully violated both statutes and awarded liquidated damages under the ADEA to the Fennerns pursuant to 29 U.S.C. § 626(b), and punitive damages to the Huttingers pursuant to IHRA, I.C. § 67-5908(3)(e). The district court granted judgment as a matter of law in favor of Motel 6 against both parties, and in the alternative, a new trial pursuant to Rule 50(c)(1).

An ADEA violation is "willful" if the employer "knew or showed reckless disregard for the matter of whether its conduct was prohibited by the ADEA." *Hazen Paper Co. v. Biggens*, 507 U.S. 604, 614 (1993). It is not "willful" if the employer merely knew that the ADEA was "in the picture." *Id.* "Once a 'willful' violation has been shown, the employee need not additionally demonstrate that the employer's conduct was outrageous, or provide direct evidence of the employer's motivation, or prove that age was the predominant, rather than a determinative, factor in the employment decision." *Id.* at 617.

The district court relied on Seventh Circuit case law to conclude that both parties had failed to prove Motel 6's "intent to recklessly flaunt the ADEA's requirements." *See Aungst v. Westinghouse Elec. Corp.*, 937 F.2d 1216 (7th Cir. 1991). The Ninth circuit does not use a "recklessly flaunt" standard. To recover punitive damages, a plaintiff must

"make a showing beyond the level of intentional discrimination required for compensatory damages." *See Ngo v. Reno Hilton Resort Corp.*, 156 F.3d 988 (9th Cir. 1998), *amending* 140 F.3d 1299, 1304 (9th Cir. 1998).

Here, the jury was properly instructed that "a defendant's conduct is willful if the defendant knew or showed reckless disregard for whether the discharge of plaintiff because of his/her age was prohibited by the law." A jury could have reasonably concluded that a new area manager who never reviewed the files of ADEA-protected employees, and summarily dismissed them upon their return from vacation after conducting inspections in their absence satisfied the threshold for a willful violation. We conclude that the Huttingers and the Fennerns made the requisite showing that Motel 6 knew or showed reckless disregard for whether its actions violated the ADA. Liquidated damages under the ADEA and punitive damages under the Idaho statute were properly awarded.

CONCLUSION

We conclude that the district court erred in vacating the jury verdicts. The evidence did not compel a finding against the Huttingers, nor was the clear weight of the evidence in favor of Motel 6 in either case. We find no error in the consolidation or the evidence admitted. The jury instructions were proper and no objections were made to them. We reverse the district court's grant of judgment as a matter of law and a conditional new trial in the Huttinger case. We reverse the court's grant of a new trial in the Fennern case. In both cases, we reverse the court's rulings denying punitive

damages under Idaho law and liquidated damages under the ADEA to the parties. We reinstate the jury verdicts in both cases.

REVERSED.

APPENDIX D — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT DATED AND FILED JUNE 10, 1998

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 98-80387

DC# CV-95-121-BLW
Idaho (Boise)

JAMES FENNERN; et al.,

Plaintiffs-Appellants,

vs.

MOTEL 6 OPERATING LP; et al.,

Defendants-Appellees.

ORDER

Before: REINHARDT and THOMPSON, Circuit Judges

The petition for permission to appeal pursuant to 28 U.S.C. § 1292(b) is granted. Within 10 days of this order, petitioner shall perfect the appeal pursuant to Federal Rule of Appellate Procedure 5(d).

APPENDIX E — ORDER OF CERTIFICATION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF IDAHO DATED AND FILED MAY 13, 1998

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF IDAHO

Civil No. 95-0121-E-BLW

JAMES FENNERN AND DELORES FENNERN,
husband and wife,

Plaintiffs,

v.

MOTEL 6 OPERATING L.P., and
MOTEL 6 G.P., INC.,

Defendants.

ART HUTTINGER AND DONNA HUTTINGER,
husband and wife,

Plaintiffs,

v.

MOTEL 6 OPERATING L.P., and
MOTEL 6 G.P., INC.,

Defendants.

Appendix E

ORDER OF CERTIFICATION

The Court has before it the plaintiffs' motion for an order certifying these consolidated cases for appeal to the Ninth Circuit.[1] An abbreviated recitation of the background of this litigation follows:

The Fennern plaintiffs and the Huttinger plaintiffs are former employees of Motel 6. They were discharged by Motel 6 and, as a result, filed separate age-discrimination claims against Motel 6. Over the objection of Motel 6, the Court consolidated the cases for trial, at the conclusion of which the plaintiffs obtained verdicts in their favor. Motel 6 moved alternatively for judgment as a matter of law or for a new trial in both cases. The Court granted judgment as a matter of law in favor of Motel 6 in the Huttinger case in its entirety and on one issue in the Fennern case, and it granted a new trial on the remainder of the Fennern case.

It appears that the plaintiffs presumed that the Court's ruling could be immediately appealed to the Ninth Circuit. However, the new-trial order in the Fennern case is not immediately appealable without an order of certification

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1. The plaintiffs also filed a motion to expedite the decision of their motion for certification. Despite the motion to expedite, the Court allowed Motel 6 to have the ordinary time for response permitted by the Local Rules because of the lack of a demonstrable need for an earlier decision. However, because the Court has decided to grant the motion for certification after reviewing the plaintiffs' and Motel 6's initial briefs, the Court will grant the motion to expedite in the sense that it will not await a reply brief from the plaintiffs prior to rendering decision.

under 28 U.S.C. § 1292(b) and, consequently, the entry of judgment as a matter of law in the Huttinger case is not appealable without the issuance of a Rule 54(b) certificate. The plaintiffs now seek such orders of certification. The Court will grant the motion for certification in both cases, and its reasoning follows.

The Huttinger Case

An appeal from a final order in one of multiple consolidated cases is permitted only upon certification under Rule 54(b) of the Federal Rules of Civil Procedure. *See Huene v. United States*, 743 F.2d 703 (9th Cir. 1984). Thus, since a new trial was ordered in the Fennern case, the Court must issue a Rule 54(b) certificate before the Huttinger case may be appealed. Under Rule 54(b), the Court may enter a final judgment in the Huttinger case under these circumstances "only upon an express determination that there is no just reason for delay and upon an express direction for entry of judgment." Fed.R.Civ.P. 54(b). As a threshold matter, the Court notes that Motel 6 does not object to the issuance of a Rule 54(b) certificate in the Huttinger case.

The Court agrees with the Huttingers, and with Motel 6, that there is no just reason for delay of the appeal of the Huttinger case. The most significant issue in both of the cases is whether the jury's disbelief of Motel 6's proffered reasons for discharging the plaintiffs was supported by the evidence at trial. The proffered reasons in each case were entirely dissimilar, and there was little, if any, overlap in the evidence presented by the Fennerns and the Huttingers at trial. Therefore, the result on appeal of one case is not in any

necessary sense linked with the result of the other, despite the fact that there is some potential that certain common legal issues could be involved in the appeal of both cases.

Moreover, in granting a new trial in the Fennern case, the Court noted its opinion, aided by the hindsight acquired by having gone through trial, that the cases should not have been tried together in light of the plaintiffs' morning-of-trial abandonment of their attempt to put on pattern-and-practice evidence of age discrimination on the part of Motel 6. Part of the Court's rationale was that the similarities of the cases are largely superficial and not particularly significant. The Court adheres to that opinion at this time.

For these reasons, the Court finds that there is no just reason for delay of the appeal of the Huttinger case.

Upon granting judgment as a matter of law in favor of Motel 6 in that case, the Court entered an Amended Judgment reflecting its ruling. The Court did so because it presumed the Huttinger case to be appealable at that point without a Rule 54(b) certificate, regardless of the pendency of the Fennern case. The Court now directs the parties to consider the Amended Judgment to be a final judgment in satisfaction of Rule 54(b)'s requirement of an "express direction for entry of judgment." The motion for a Rule 54(b) certificate in the Huttinger case is granted.

The Fennern Case

A new-trial order is interlocutory and not immediately appealable. *See Schudel v. General Elec. Co.*, 120 F.3d 991,

994-95 (9th Cir. 1997). The Fennerns seek certification of the new-trial order, as well as the partial grant of judgment as a matter of law against them, for interlocutory appeal pursuant to 28 U.S.C. § 1292(b). The Court may only certify a ruling for interlocutory appeal under that statute if it meets the following requirements: (1) it must involve a controlling question of law; (2) there must be substantial grounds for differences of opinion regarding that question; and (3) an immediate appeal may materially advance the ultimate termination of the litigation. *See In re Cement Antitrust Litigation*, 673 F.2d 1020, 1026 (9th Cir. 1982).

A question of law is "controlling" if its "resolution on appeal could materially affect the outcome of litigation in the district court." *Id.* The Fennerns assert the existence of five such controlling questions of law about which there are substantial grounds for differences of opinion: (1) whether the Court applied the correct standard in deciding to grant a new trial; (2) whether the Court properly required the Fennerns to discredit all of Motel 6's proffered reasons for discharge; (3) whether the Court was permitted to determine whether the jury reasonably inferred age discrimination from its disbelief of the proffered reasons and the other evidence at trial; (4) whether the Court was permitted to consider the consolidation of the Fennern and Huttinger cases for trial, which the Court perceives by way of hindsight to have been prejudicial to Motel 6, as a reason for granting a new trial; and (5) whether the Court correctly granted judgment as a matter of law in favor of Motel 6 on the Fennerns' claim for a willful violation of the Age Discrimination in Employment Act.

Appendix E

As to each of the questions of law raised by the Fennerns, the Court concludes that the first and third elements of the *In re Cement Antitrust Litigation* test are largely satisfied because a decision favorable to the Fennerns could materially affect the necessity of a retrial or the law to be applied upon retrial. However, as discussed below, the Court concludes that only the third issue identified by the Fennerns raises a question of law upon which there are substantial grounds for a difference of opinion. However, even though there may be substantial grounds for a difference of opinion as to that issue, the resolution of that question of law was not essential to the Court's decision to grant a new trial. The Court is therefore reluctant certify its ruling on that particular issue for interlocutory appeal.

Regarding the Fennerns' first assignment of error, the new-trial standard the Fennerns assert was applicable is that the Court could only have granted a new trial if the verdict were against the "great weight" of the evidence. The standard the Court applied used the word "clear" in place of "great." The Court is unable to perceive any meaningful difference between the two standards, and the Court can confidently state that it would have reached the same result by applying the "great weight" standard.

As to the second assignment of error, the Fennerns argue that the Court improperly required the Fennerns to discredit each of Motel 6's proffered reasons for discharge because those reasons were shifting and varied over time. Were they not shifting, the Fennerns concede that it would have been appropriate to require the plaintiff to discredit each of the proffered reasons under *Odima v. Westin Tucson Hotel Co.*,

991 F.2d 595, 598 (9th Cir. 1993). The Court required the Fennerns to discredit each proffered reason because the evidence did not support a finding that the proffered reasons were shifting or varied over time in any meaningful way. Accordingly, the Fennerns' argument regarding the law to be applied where the proffered reasons are shifting is inapplicable.

As to the third assignment of error, the Court agrees that whether it was permitted to examine the inference of discrimination drawn by the jury is a legal question about which there is a substantial grounds for a difference of opinion. Here, however, that question need not be answered. The Court stated three independent grounds for granting a new trial in the Fennern case, the overriding one of which was that the evidence did not support the jury's disbelief of the proffered reasons for discharge. In light of that ruling, the jury had no sound evidentiary basis from which to legitimately infer discrimination. Thus, the Court would still have granted a new trial even if it had concluded that it lacked the power to examine the inference of unlawful discrimination drawn by the jury from its disbelief of the proffered reasons. As such, the result appealed by the Fennerns did not turn on this question of law.

The fourth assignment of error also fails to meet the second prong of the *In re Cement Antitrust Litigation* test. As its third independent ground for granting a new trial, the Court posited that Motel 6 was prejudiced by having the Huttinger and Fennern cases tried together, in light of the plaintiffs' morning-of-trial abandonment of their attempt to put on pattern-and-practice evidence of age discrimination

by Motel 6 in its employment decisions. Motel 6 had earlier unsuccessfully fought the consolidation. In addition to the prejudice of consolidation, the Court determined that Motel 6 was prejudiced by the Court's decision not to admit Motel 6's statistical evidence tending to disprove a pattern and practice of such discrimination because the unforeseen result of the consolidation and this evidentiary decision was to allow the plaintiffs to argue a "pattern" of discrimination based upon their two cases, but to disallow Motel 6 from rebutting the existence of such a pattern. The effect was plainly prejudicial. The Court does not see a substantial ground for a difference of opinion on whether it has the discretion to consider the result of pretrial rulings and evidentiary rulings during trial in deciding a motion for a new trial, nor does it see a reasonable basis on which the Fennerns can assert that the Court abused its discretion in doing so.

Finally, the Court also has trouble fitting the Fennerns' fifth assignment of error within the requirements of the *In re Cement Antitrust Litigation* test. While the Court granted a new trial on the issue of whether Motel 6 committed a basic ADEA violation in discharging the Fennerns, the Court instead granted judgment as a matter of law in favor of Motel 6 regarding whether Motel 6 committed a willful violation of the ADEA. Noting that proving a willful violation requires satisfaction of a standard in addition to that which must be satisfied in proving a basic violation, even though the same evidence may be used to meet prove both sorts of violations, the Court concluded that no reasonable jury could have found a willful violation based upon the evidence at trial. Although the Fennerns question whether the Court applied the correct

standard because of its use of the phrase "recklessly flaunt" as a judicial gloss on the applicable "reckless disregard" standard, the Court does not perceive the use of this phrase to have significantly impacted its application of the "reckless disregard" standard, or in any way to have heightened that standard. Rather, the Court perceives the only question about which there could be substantial grounds for a difference of opinion is whether there was evidence from which the jury could have reasonably concluded that the "reckless disregard" standard had been met. This question is not properly certifiable under ordinary circumstances.

However, the partial grant of judgment as a matter of law is significant here in a separate respect. Were the Court to refuse to certify the Fennern case for interlocutory appeal, a new trial could be held in the next few months and would likely consume approximately one week of the Court's calendar. It is most likely that a final judgment would be entered shortly after the new trial that would be immediately ripe for appeal.[2] Had the Court granted a new trial as to all issues, then regardless of whether the new-trial order were affirmed or reversed on appeal, the case would in all likelihood be finally decided by the appeal. However, because the Court granted judgment as a matter of law on the willful-violation issue, that issue will not be submitted to the jury at the second trial. Thus, if the new-trial order is not appealed until after the second trial, a disturbing result could occur: were the Ninth Circuit to affirm the new-trial order, but reverse the entry of judgment as a matter of law

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2. Of course, the same result at the second trial as occurred at the first trial — a verdict unsupported by the evidence — is theoretically possible.

and order a new trial as to the willful-violation issue, the parties would then be forced to bear the expense of a *third* trial because the willful-violation issue would not have been presented to the jury at the second trial. Since essentially the same evidence would be used by the Fennerns to prove both a basic and a willful violation, the third trial would be precisely as broad and time-consuming as the second.

This possible result favors allowing an immediate appeal of the Fennern case. *See* 16 Charles Alan Wright et al, *Federal Practice and Procedure* § 3930 n. 23 (1995 supp.) (citing *William Inglis & Sons Baking Co. v. ITT Continental Baking Co.*, 652 F.2d 917 (9th Cir. 1981), as suggesting that the Ninth Circuit considers allowing an interlocutory appeal to be appropriate in circumstances very similar to those presented here). Although the Court views an interlocutory appeal of any individual question of law to be unwarranted under these circumstances, the Court is of the opinion that, as a matter of judicial economy and fairness to the litigants, an interlocutory appeal of all issues presented by the Fennern case is merited. While the Court has difficulty fitting the Fennern case within the strictures of the *In re Cement Antitrust Litigation* test, the Court concludes that Section 1292(b) allows consideration of the factors of judicial economy and the burden to the litigants that might result from repeated, protracted proceedings. *See* 16 Charles Alan Wright et al, *Federal Practice and Procedure* § 3929 (1977) (citing *Katz v. Carte Blanche Corp.*, 496 F.2d 747, 754-56 (3rd Cir. 1974)). Because failure to certify this case for interlocutory appeal may well result in multiple new trials, the Court will certify the Fennern case in its entirety for interlocutory appeal under Section 1292(b).

Appendix E

Finally, the Court will stay the proceedings in the Fennern case until the Ninth Circuit determines whether to accept the interlocutory appeal.

ORDER

Based on the foregoing and the Court being fully advised in the premises,

NOW THEREFORE IT IS HEREBY ORDERED, that Plaintiffs' motion for expedite the hearing of their motion for certification (Docket No. 260) shall be, and the same is hereby, GRANTED.

IT IS FURTHER ORDERED, that Plaintiffs' motion for certification (Docket No. 258) shall be, and the same is hereby, GRANTED. The Amended Judgment entered on January 20, 1998, in the Huttinger case is to be considered a final judgment, and the Court finds pursuant to Rule 54(b) there to be no just reason for delay of its appeal. The Fennern case is certified for interlocutory appeal under 28 U.S.C. § 1292(b).

IT IS FURTHER ORDERED, that this case shall be, and the same is hereby, STAYED until the Ninth Circuit determines whether to accept the interlocutory appeal.

Dated this 13th day of May, 1998.

s/ B. Lynn Winmill
B. LYNN WINMILL
UNITED STATES DISTRICT COURT

APPENDIX F — MEMORANDUM DECISION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF IDAHO DATED AND FILED JANUARY 20, 1998

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF IDAHO

Civil No. 95-0121-E-BLW

JAMES FENNERN AND DELORES FENNERN,
husband and wife,

Plaintiffs,

v.

MOTEL 6 OPERATING L.P., and
MOTEL 6 G.P., INC.,

Defendants.

ART HUTTINGER AND DONNA HUTTINGER,
husband and wife,

Plaintiffs,

v.

MOTEL 6 OPERATING L.P., and
MOTEL 6 G.P., INC.,

Defendants.

Appendix F

MEMORANDUM DECISION AND ORDER

The Court has before it Defendants' motion for judgment as a matter of law or, in the alternative, for a new trial. The Court heard oral argument on the alternative motions on September 15, 1997, and they are now at issue. At the conclusion of oral argument, the Court took the alternative motions under advisement, and now issues the following decision. As to the Huttinger claim, the Court will grant Motel 6's motion for judgment as a matter of law. As provided by Rule 50(c)(1), the Court also determines that the alternative motion for new trial should be granted if the Court's decision entering judgment as a matter of law for Motel 6 on the Huttinger claim is vacated or reversed on appeal. As to the Fennern claims, the Court denies Motel 6's motion for judgment as a matter of law as to the Fennern's basic ADEA and IHRA claim, but grants it as to the jury's finding of willfulness and award of liquidated damages. However, the Court grants Motel 6's motion for a new trial as to the Fennern's basic ADEA and IHRA claim, and determines, as provided by Rule 50(c)(1), that the alternative motion for new trial on the issues of willfulness and liquidated damages should be granted if the Court's decision entering judgment as a matter of law for Motel 6 on those claims is vacated or reversed on appeal. Finally, the Court concludes that the Plaintiffs' motion for attorney fees is rendered moot by the Court's decision vacating the judgments entered in favor of Plaintiffs. This Memorandum Decision will explain the Court's reasoning after reviewing the background of this litigation.

Appendix F

LITIGATION BACKGROUND

Plaintiffs James and Delores Fennern ("the Fennerns") managed the Motel 6 establishment in Idaho Falls, Idaho, as a husband-and-wife team for several months until their discharge on January 18, 1994. They had over 10 years of experience managing other Motel 6 establishments. Similarly, Plaintiffs Art and Donna Huttinger ("the Huttingers") managed Motel 6's Pocatello, Idaho, establishment for several years until their discharge on June 2, 1993. Both the Fennerns and the Huttingers were discharged shortly after their returns from vacation, in part as a result of investigations into their performance and conduct as motel managers performed by Motel 6 officials during those vacations. In both situations, the wives were regarded as the "key" employees and were compensated accordingly, while the husbands were minimum-wage employees. Both the Fennerns and the Huttingers were replaced as managers by somewhat younger and less experienced husband-and-wife teams.

The Fennerns and the Huttingers brought separate actions against Defendants Motel 6 Operating L.P. and Motel 6 G.P., Inc. ("Motel 6"), alleging that their discharges were motivated by age discrimination. The Fennerns' complaint asserted claims under the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. §§ 621 *et seq*, and the Idaho Human Rights Act ("IHRA"), along with other claims that did not survive summary judgment. The Huttingers brought a claim pursuant to the IHRA, but were apparently foreclosed from pursuing an ADEA claim because they did not timely file their grievance with the Equal Employment Opportunity

Commission. The Huttingers' complaint also included other claims that were dismissed on summary judgment. The Court denied summary judgment on the age discrimination claims, largely because the plaintiffs presented some evidence of a pattern and practice of age discrimination by Motel 6 in its employment decisions, including evidence that Motel 6 wished to project a more youthful image and tailored its employment practices accordingly. Partly in anticipation of this evidence, the Court consolidated the separate actions for trial on February 18, 1997. However, on the morning of trial, the plaintiffs abandoned any attempt to put on such pattern-and-practice evidence.

After a 10-day trial, the jury returned verdicts in favor of both the Fennerns and the Huttingers, finding that age was a motivating factor in Motel 6's decision to discharge each of them. Moreover, the jury found that Motel 6 acted "willfully" in discriminating against both the Fennerns and the Huttingers. The Court entered judgments on the jury verdicts, which awarded the Fennerns front pay and back pay, as well as liquidated damages under the ADEA, and awarded the Huttingers front pay and back pay, as well as punitive damages under the IHRA. The Fennerns and the Huttingers subsequently moved for an award of attorney fees, and Motel 6 moved for judgment as a matter of law or, in the alternative, for a new trial on both actions.

The following table sets forth the ages of the Fennerns and the Huttingers at the time of discharge, the ages of their replacements at that time, and the number of years by which the plaintiffs' ages exceeded the ages of their replacements:

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Name	Age (years)	Replacement's Age	Differential
Delores Fennern	58	49	9
Jim Fennern	60	35	25
Donna Huttinger	55	43	12
Art Huttinger	68	45	23

As the table indicates, Delores Fennern and Donna Huttinger were approximately 10 years older than their replacements, but their husbands were more than 20 years older than their replacements.

MOTION FOR JUDGMENT AS A MATTER OF LAW

Standard Applicable to Motions for Judgment as a Matter of Law

By its renewed motion for judgment as a matter of law pursuant to Rule 50(b) of the Federal Rules of Civil Procedure, Motel 6 requests the Court to reverse the jury's verdicts in favor of both the Fennerns and the Huttingers. A jury verdict may be reversed if it is not supported by substantial evidence. *See Neibel v. TransWorld Assurance Co.*, 108 F.3d 1123, 1128 (9th Cir. 1997). "Substantial evidence" is admissible evidence that reasonable minds might accept as adequate to support a conclusion, even if it is possible to draw multiple, inconsistent conclusions from the evidence. *See id.* Thus, judgment as a matter of law in favor of Motel 6 is proper only if the evidence, construed in

the light most favorable to the nonmoving party, permits only one reasonable conclusion, and that conclusion is contrary to the one reached by the jury.[1] *See Forrett v. Richardson*, 112 F.3d 416, 419 (9th Cir. 1997).

The parties, in their briefing, disagreed as to the extent and nature of the evidence that the Court may consider in ruling on Motel 6's motion for judgment as a matter of law. Without entering that fray, the Court finds it sufficient to state that in deciding whether the evidence presented at trial is sufficient to withstand a Rule 50(b) motion, the Court is not free to weigh the evidence or pass on the credibility of witnesses. *See* 9A Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 2524 (2d ed. 1994). Instead, it must view the evidence is a light most favorable to the plaintiffs and give the plaintiffs the benefit of all reasonable inferences that may be drawn from the evidence. *See id.* On the other hand, the jury is not free to disregard uncontradicted and unimpeached evidence from disinterested witnesses, and such evidence will be considered by the Court in ruling on Motel 6's motion for judgment as a matter of law.[2] *See id.* § 2527.

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1. The standard for granting judgment as a matter of law is equivalent to that for granting summary judgment. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986).

2. Although the propriety of considering such evidence in this context is not openly sanctioned by Ninth Circuit case law, the Court believes that doing so is not inconsistent with the Ninth Circuit's admonition to trial judges to avoid weighing the evidence and assessing its credibility. Since juries are not endowed with the power to reject such evidence, they must accept it as true. Rendering trial

(Cont'd)

Appendix F

The Burden-Shifting Analysis

Because the Fennerns' and the Huttingers' cases are based upon claims of disparate treatment, they are analyzed under the *McDonnell-Douglas* burden-shifting analysis.[3] *See St. Mary's Honor Ctr. v. Hicks*, 509 U.S. 502, 506 (1993). Under this analysis, the Fennerns and the Huttingers bear the burden of making out *prima facie* cases of discrimination, which create a presumption of unlawful discrimination. *See Id.* A *prima facie* case of age discrimination requires the plaintiffs to show that they were (1) members of the protected class (aged 40-70), (2) performing their jobs in a satisfactory manner, (3) discharged, and (4) replaced by substantially younger employees with equal or inferior qualifications. *See Nidds v. Schindler Elevator Corp.*, 113 F.3d 912, 917 (9th Cir. 1997). Here, the Fennerns and the Huttingers unquestionably met the first and third requirements. Motel 6 strenuously contests that the second requirement was met, and the plaintiffs' showing on the fourth requirement was less than overwhelming.[4]

(Cont'd)
courts powerless to consider, in the context of a motion for judgment as a matter of law, evidence that the jury must accept as true would not only be incongruous, but would have the effect of voiding a desirable check on jury discretion.

3. Although St. Mary's involved a Title VII racial discrimination claim, the burden-shifting analysis undertaken in that case applies to both ADEA claims and IHRA claims as well. *See Wallis v. J.R. Simplot Co.*, 26 F.3d 885, 888 (9th Cir. 1994).

4. Delores Fennern and Donna Huttinger were the "key" employees, and their replacements were only about 10 years younger
(Cont'd)

Appendix F

Assuming that the Fennerns and the Huttingers established *prima facie* cases of age discrimination, the burden shifted to Motel 6 to produce evidence that it had legitimate, nondiscriminatory reasons for discharging them. *See Nidds*, 113 F.3d at 916. Motel 6 presented multiple nondiscriminatory reasons for doing so. With respect to the Fennerns, Motel 6 produced evidence that it discharged them for the following reasons, among others: (1) they failed a motel inspection; (2) they improperly checked employment references; and (3) they left for vacation with Room 114 at their motel "down" (*i.e.* unrentable). Motel 6 produced evidence that it terminated the Huttingers for the following reasons: (1) they implemented a desk-clerk policy that discriminated against prospective Native American guests; (2) they violated Motel 6's safety and security policies; and (3) there were numerous employee complaints about the Huttinger's performance as managers, including complaints that the Huttingers had employees work on their private motor home on Motel 6's time.

The burden of production having been met, the presumption of unlawful discrimination vanished, and the plaintiffs bore the ultimate burden of persuading the jury

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(Cont'd)
and were also members of the protected class. On the other hand, their husbands' replacements were more than 20 years younger. In any event, the Court will assume the somewhat slight age difference of the wives to be sufficient to meet the "substantially younger" requirement, but will consider it as bearing on the reasonableness of the inference of intentional discrimination drawn by the jury in considering the alternative motion for a new trial in the Fennern's case.

that they were victims of unlawful discrimination. *See id.* This could have been accomplished by producing sufficient evidence to allow the jury to conclude *either* (1) that the true reason for their discharge was age discrimination or (2) that Motel 6's proffered nondiscriminatory reasons for their discharge were false. *See id.* at 918. The former means of proof involves traditional direct evidence of discriminatory intent. The latter means of proof would satisfy the plaintiffs' burden of persuasion because the jury's disbelief of Motel 6's stated reasons for discharge, coupled with the elements of the *prima facie* case, would permit the jury to infer the ultimate fact of intentional discrimination.[5] *See St. Mary's*, 509 U.S. at 511; *Nidds*, 113 F.3d at 918 n. 2. Thus, in gauging the adequacy of the plaintiffs' evidence, the Court must consider both the direct evidence of discriminatory intent and the evidence supporting a conclusion that Motel 6's stated reasons for discharging the plaintiffs were pretextual.

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5. This is not to say, however, that a jury is required to infer intentional discrimination from its disbelief of an employer's proffered reasons for the employee's discharge. For example, a weak *prima facie* case may lead the jury to conclude that, although the employer's proffered reasons were pretextual, age discrimination was not the real reason for discharge. In the same light, the *prima facie* case may be so weak in a particular case that the court may conclude that it cannot be coupled with evidence of pretext to permit the trier of fact to infer the ultimate fact of intentional discrimination. In such a case, evidence sufficient to support a finding of pretext would not be sufficient to resist an employer's Rule 50(b) motion. However, that case is not presented here.

Appendix F

Plaintiffs' Direct Evidence of Discriminatory Intent

The Fennerns' only "direct" evidence of Motel 6's intent to discriminate based upon age consisted of comments made to them on two occasions by Doug Massman, an Area Manager for Motel 6, to the effect that he could replace them with college students at a lower wage. Jim Fennern admitted that Massman made the statements at least six months before the Fennerns were discharged and prior to their transfer from Motel 6's Jackson, Wyoming, establishment to its Idaho Falls establishment; neither of the Fennerns testified that a Motel 6 official ever commented directly about their ages. These passing remarks are the nearest approximation of direct evidence of age discrimination against the Fennerns by Motel 6. Such passing remarks have routinely been held to be insufficient to establish age discrimination. *See e.g., Nidds*, 113 F.3d at 918-19; *Nesbit v. Pepsico, Inc.*, 994 F.2d 703, 705 (9th Cir. 1993); *Merrick v. Farmers Ins. Group*, 892 F.2d 1434, 1438 (9th Cir. 1990). Moreover, Massman's comment has no relevance here, since the Fennerns were not replaced by college students, but by a wife and husband aged 49 and 35, respectively.

The Huttingers failed to introduce even a passing comment like Massman's "college student" remark. Accordingly, the Court holds that, as a matter of law, neither the Fennerns nor the Huttingers introduced sufficient direct evidence that Motel 6's true reason for discharging them was age discrimination to support a finding by the jury to that effect. As such, the Court can allow the verdicts to stand only if the plaintiffs adduced substantial evidence to support a finding by the jury that Motel 6's proffered reasons for

discharge were false, and that such a finding, in combination with the plaintiffs' *prima facie* cases, reasonably gives rise to an inference of unlawful discrimination.

Plaintiffs' Evidence that the Proffered Reasons for Discharge were Pretextual

For the jury to have reasonably disbelieved Motel 6's proffered reasons, the Fennerns and the Huttingers must have introduced evidence sufficient to demonstrate that "(1) the proffered reasons are factually baseless; (2) the proffered reasons were not the actual motivation for the discharge; or (3) the proffered reasons were insufficient to motivate the discharge."[6] *Wolf v. Buss (America) Inc.*, 77 F.3d 914, 919 (7th Cir. 1996). If the Fennerns and the Huttingers made at least one of the three demonstrations required by *Wolf* for any particular reason, the Court would be required, in the context of a motion for judgment as a matter of law, to accept the jury's disbelief of that proffered reason. However, unless the multiple reasons for discharge are " '. . . so intertwined, or the pretextual character of one of them so fishy and suspicious . . .'," the plaintiffs must cast doubt on *each* proffered reason. *Wolf*, 77 F.3d at 920 (holding that, under the circumstances of the case, the plaintiff's success at discrediting four of the six proffered reasons was not enough

6. Although *Wolf* is a Seventh Circuit decision and therefore not binding, the Court adopts the *Wolf* framework for the purposes of analysis of the demonstration necessary to properly discredit Motel 6's proffered reasons. The Court does so because *Wolf* applies the burden-shifting analysis consistent with Ninth Circuit authority, and it provides a comprehensive means by which to analyze the issue of the jury's disbelief of the proffered reasons.

to carry his burden of proof) (quoting *Russell v. Acme-Evans Co.*, 51 F.3d 64, 70 (7th Cir. 1995)).

The only area in which the Fennern and the Huttinger cases significantly differ is in Motel 6's proffered reasons for discharge. The Court will treat each case separately, seeking to determine whether the plaintiffs introduced substantial evidence from which a reasonable jury could have concluded that Motel 6's proffered reasons for discharge were false and pretextual.[7]

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7. As the plaintiffs suggest, in some cases effective cross-examination of defense witnesses by itself may suffice to discredit the proffered reasons. *See Texas Dep't of Community Affairs v. Burdine*, 450 U.S. 248, 255 n. 10 (1981). This was not such a case. The numerous "inconsistencies, contradictions and outright falsehoods" in the testimony of Massman and Scott Griffith, Motel 6's Regional Vice President that the plaintiffs claim to have brought out during cross-examination of them (Pls.' Opp'n Br. at 11-20) do not strike at the heart of their testimony. At most, they demonstrate Massman's and Griffith's inability to perfectly recall a sequence of events that occurred over three years prior to trial. For this reason, the Court finds it unnecessary to examine each such inconsistency. Similarly, the plaintiffs argue that the investigation into their managerial conduct performed by Massman and Griffith was cursory, which gives rise to an inference that the proffered reasons were pretextual. Although a cursory investigation in certain cases can support such an inference, *see Rademaker v. Nebraska*, 906 F.2d 1309, 1312 (8th Cir. 1990), the evidence at trial simply does not bear out the plaintiffs' assertion that Massman and Griffith decided to discharge them after only a minimal inquiry. The record is replete with evidence of motel inspections by Massman and Griffith, of communications between Massman and Griffith and the staff at the motels managed by the plaintiffs regarding the plaintiffs' managerial conduct and performance, and of discussion between Massman and Griffith themselves analyzing the findings of their investigation.

Appendix F

The Fennern Case

As earlier stated, Motel 6 offered three principal reasons for its discharge of the Fennerns: (1) they failed a motel inspection; (2) they improperly checked employment references; and (3) they left for vacation with Room 114 at their motel "down" (*i.e.* unrentable).[8] These reasons were set forth in a memorandum authored by Massman, which was presented to the Fennerns upon their discharge. The Court will consider each stated reason in turn.

Failed Motel Inspection

It was undisputed at trial that the Idaho Falls establishment managed by the Fennerns failed an inspection by Massman and Griffith on January 6, 1994, some 12 days before their discharge. As earlier stated, the inspection occurred while the Fennerns were on vacation. Both of the Fennerns admitted that the motel was insufficiently clean to meet Motel 6 standards. As such, this proffered reason for discharge clearly has a basis in fact.

Moreover, there could be no reasonable doubt, based upon the Fennerns' own testimony, that failure to meet Motel

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8. In addition to these reasons, Motel 6 proffered three additional reasons for the discharge, which arose or were discovered by Motel 6 before the Fennerns were discharged but, after the decision to discharge them had been made. Motel 6 considered these additional reasons to be less weighty. Because they arose after Motel 6 made the decision to discharge the Fennerns, the Court will not consider these additional reasons in ruling on Motel 6's Rule 50(b) motion.

6's cleanliness standards amounted to grounds for discharge. Thus, the jury could only have reasonably disbelieved this proffered reason by concluding that it was not one of Motel 6's actual reasons for discharge, but was instead a pretext used by Motel 6 to disguise some other motive.

The Fennerns took over management of the Idaho Falls establishment some six months prior to their discharge. At that time, the motel was, by all accounts, filthy. The Fennerns testified at trial that it was impossible to meet Motel 6's cleanliness standards within six months and that they had made reasonable progress toward doing so. They also testified that Motel 6 had given them inadequate support to complete the task. In support of these assertions, the Fennerns adduced the testimony of Louis Turman and Cheryl Mower, two of their subordinates at the Idaho Falls establishment. Turman testified that the supplies given the Fennerns by Motel 6 were inadequate to complete the task. Mower testified that the motel's rooms could not be deep-cleaned at the beginning of the Fennerns' management tenure because the motel was at full occupancy during that summer.

Thus, the evidence at trial, although disputed, was sufficient to support a finding by the jury that Motel 6 provided the Fennerns with inadequate supplies and insufficient time to bring the Idaho Falls establishment into compliance with its cleanliness standards. From such a finding, a possible inference was that Motel 6 was attempting to manufacture a performance deficiency to justify a decision to discharge the Fennerns and to disguise some other motive for doing so. Viewing the evidence is a light most favorable to the Fennerns and giving them the benefit of all reasonable

inferences that may be drawn from the evidence, the jury could have reasonably concluded that Motel 6 did not discharge the Fennerns for failing a motel inspection, but used that as a pretext to fire them for some other unstated reason.

Improper Checking of References

Motel 6 also claimed that it discharged the Fennerns because Delores Fennern failed to properly check employment references prior to hiring a desk clerk, Beth Sutherlin. Sutherlin was hired by the Fennerns on December 17, 1993, three days before the Fennerns left for the vacation during which Massman and Griffith conducted the motel inspection. Delores Fennern admitted that, according to Motel 6 policy, she was required to verify two positive employment references prior to hiring a new employee.

The Fennerns admitted that Sutherlin had been previously employed by Motel 6's Idaho Falls establishment the year before her hiring by them, and that her personnel file indicated that she had been fired for excessive absenteeism. Delores Fennern testified that such a notation in Sutherlin's file meant little her because absenteeism was a common problem among Motel 6 employees. However true that statement may be, it does not demonstrate compliance with Motel 6's reference-checking policy — Sutherlin was fired by Motel 6 for having a poor performance record. Motel 6, therefore, could not possibly have been a "positive" employment reference. Moreover, Franci McLaws, Sutherlin's former manager at Motel 6, would not have

recommended rehiring Sutherlin had she been contacted by the Fennerns, because she believed Sutherlin to be a thief.[9]

It was also undisputed at trial that Sutherlin's most recent employer, Melaleuca International, an Idaho Falls-based business, had also fired Sutherlin for excessive absenteeism. Delores Fennern testified to having knowledge of the reason Melaleuca fired Sutherlin.

By all accounts, the two references "checked" by the Fennerns were Motel 6 and Melaleuca International. Motel 6's policy undisputedly required verification of two *positive* employment references, not merely that a prospective hire had held two previous jobs at some point in her life. The Fennerns introduced insufficient evidence that they properly checked Sutherlin's references, especially given the undisputed evidence that Sutherlin had been fired by the two references "checked" by Delores Fennern for excessive absenteeism. Thus, the trial record, construed in a light most favorable to the Fennerns, establishes that Motel 6 had an adequate factual basis for concluding that the Fennerns did not properly check Sutherlin's employment references.

The Fennerns' failure to check Sutherlin's references proved damaging to the Idaho Falls establishment. Marge

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9. There was testimony from the Fennerns that they believed Franci McLaws to be mentally ill. However, this opinion about McLaws' mental health would not excuse a decision not to comply with Motel 6's policy that no job applicant be hired without checking references from their prior employers. Moreover, the Fennerns presented no evidence that they attempted to contact Willard McLaws, who co-managed the Idaho Falls establishment with Franci McLaws.

Geiger, the relief manager during the Fennerns' vacation, testified that she caught Sutherlin stealing from Motel 6 on two occasions, both within 10 days after her hiring.[10] This evidence was unrefuted by the Fennerns. On the other hand, the evidence presented by the Fennerns suggested that many Motel 6 employees were hired without adequate references and with marginal backgrounds. Additionally, the negative references that Sutherlin's former employers would have given related to absenteeism rather than dishonesty or theft. Accordingly, if the evidence is viewed in a light most favorable to the Fennerns, and they are given the benefit of all reasonable inferences that may be drawn therefrom, one must conclude that the jury could have reasonably found that Motel 6 did not consider the improper checking of references to be serious enough to justify discharging the Fennerns. For the same reasons, the jury could have reasonably concluded that the failure to check Sutherlin's references was not the actual reason for the Fennerns' termination, but a pretext for some other unstated reason.

Leaving Room 114 "Down"

Motel 6 also indicated that the Fennerns were fired because they left for vacation with Room 114 in unrentable condition. Delores Fennern and Jim Geiger[11] testified that Motel 6's policy against "down" rooms was very strict. Delores Fennern herself testified that Motel 6 would not

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10. Marge Geiger no longer worked for Motel 6 at the time of trial and was therefore a disinterested witness.

11. Jim Geiger had left Motel 6's employ by the time of trial and was therefore a disinterested witness.

tolerate down rooms and that managers were required to return a down room to rentable condition as soon as possible. Given this testimony, the jury could not have concluded that Motel 6 perceived that having "down" rooms in violation of Motel 6 policy was insufficient reason to discharge a manager.[12]

The evidence at trial was undisputed that, when the Fennerns left for vacation, Room 114 was being used to store boxed handicapped toilets and other supplies. It was also undisputed that relief managers Jim and Marge Geiger, upon discovering that Room 114 was being used for storage, informed Massman of that fact, and removed the items being stored on or about January 3, 1994.

However, the Fennerns testified that Room 114 was not truly "down" because the items could be easily removed, the carpet vacuumed, and the room would be ready to return to service. They also testified that both Massman and Bob Patrick, a Motel 6 Regional Maintenance Engineer, were aware that Room 114 was being used for storage and had given them permission to do so. Patrick admitted to having given them permission to use Room 114 for storage, at least for a short period of time. Further, Louis Turman, who did

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12. The undisputed occupancy reports covering the period of the Fennerns' vacation indicate that the Idaho Falls establishment had vacancies every day except January 7, 1994. Since the Geigers had restored Room 114's rentability by that date, it appears that Motel 6 did not lose revenue because the Fennerns left for vacation with Room 114 down. However, the fact that the motel was at its capacity on that date indicates that leaving Room 114 down had potential loss-of-revenue consequences for Motel 6.

most of the maintenance work at the motel, testified that Jim Fennern instructed him to remove the items stored in Room 114 so that it could be rented if that became necessary. As such, the Fennerns adduced substantial evidence that Room 114 was not unrentable and that Motel 6 condoned the Fennerns' use of it to store the handicapped toilets in any event. Again, if the jury viewed the evidence in a light most favorable to the Fennerns and gave them the benefit of all reasonable inferences that could be drawn therefrom, they could have concluded that Motel 6 lacked an adequate factual basis for discharging the Fennerns on account of the condition of Room 114.

The same evidence which provides a basis for the jury to conclude that there was no factual basis for relying upon the condition of Room 114 as justification for the Fennern's discharge would also support a jury's conclusion that this breach of Motel 6's policies was not sufficient to justify termination of a motel manager. The Fennerns' evidence that Massman and Patrick knew and acquiesced in the Fennerns' conduct is certainly sufficient to justify a jury's finding that leaving Room 114 in a "down" condition, was not sufficiently egregious to justify the Fennerns' termination. It necessarily follows that the jury could also have concluded that this stated reason for termination was pretextual.

The Huttinger Case

As earlier stated, Motel 6 proffered three main reasons for its discharge of the Huttingers: (1) they implemented a desk-clerk policy that discriminated against prospective Native American guests; (2) they violated Motel 6's safety

and security policies; and (3) they caused numerous employees to complain about their performance as managers, including by having Motel 6 employees work on their private motor home on Motel 6's time. Motel 6 presented these reasons to the Huttingers at a "termination meeting" held to effect and to explain their discharge. Among them, the first is perhaps the most significant.

Discrimination Against Prospective Native American Guests[13]

Aileen Malone, Donna Huttinger's replacement and part of the relief management team during the Huttingers' vacation, testified at trial that one of the desk clerks on duty during the Huttingers' vacation woke her and her husband at night to obtain their approval of prospective Native American guests, pursuant to a policy initiated by the Huttingers. Another desk clerk, Teresa Jenson, testified that the Huttingers instructed her not to rent rooms to Native Americans without their prior approval and that she was reprimanded for renting rooms to Native Americans without doing so.

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13. The Court notes that Motel 6 also purported to have discharged the Huttingers for discriminating against locally-residing prospective guests on much the same basis as it purports to have discharged them for discriminating against Native Americans. Because the issue of discrimination against "locals" is largely subsumed by the issue of discrimination against Native Americans and was regarded by the parties to some degree as a less serious form of discrimination, the Court will not separately address the "locals" issue.

Appendix F

The Huttingers admitted to authoring desk-clerk memoranda that instructed desk clerks to check the identification of prospective Native American guests more closely than that of other prospective guests.[14] One of those memoranda was in use in the late 1980s and into 1990, and specifically referred to "people who are indians [sic] or look questionable." Donna Huttinger testified that a Motel 6 Area Manager that preceded Massman, Bob Williams, instructed the Huttingers to cease using it in late 1990. She testified that shortly thereafter the Huttingers rewrote the memorandum to be more "politically correct," put the rewritten version in effect, and kept it in effect until their discharge.[15] Donna Huttinger testified, somewhat equivocally, that the memorandum that specifically referred to "indians" ceased to be used at that time and was not in

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14. Neither Malone nor Jenson remained Motel 6 employees at the time of trial and were, therefore, disinterested witnesses. Moreover, the Huttingers did not retake the stand to rebut their testimony. As will be discussed shortly, the Huttingers' testimony on the guest-discrimination issue was at times equivocal and at times inculpatory. Even if they had unequivocally denied both once discriminating against Native Americans and continuing in their discriminatory policies, the Court would conclude that such denials do not constitute a sufficiently head-on contradiction of the testimony of Malone and Jenson to preclude the Court from considering it in deciding Motel 6's motion for judgment as a matter of law. To preclude such consideration, the Huttingers were required to contradict the specific incidents related by Malone and Jenson — it was not enough merely to offer a blanket denial that they had abandoned their discriminatory practices prior to their discharge.

15. Donna Huttinger testified that she never sought Williams's approval of the rewritten version.

use in 1993. This equivocal testimony was flatly contradicted by Jenson, who did not begin working at Motel 6 until one month prior to the Huttingers' discharge. Jenson testified that in that time frame, the Huttingers personally instructed her to comply with the policies stated in both memoranda, that she was reprimanded on two occasions for renting rooms to Native American guests without doing so, and that the Huttingers threatened to fire her if her noncompliance with the memoranda continued. Thus, this proffered reason clearly had a basis in fact.

Donna Huttinger testified that she retained a copy of the memorandum that specifically referred to "indians" in her files, despite the fact that Williams had warned her not to use it. She testified that the copy could only have come into possession of Motel 6 by someone searching her files without her permission, which she contends gives rise to an inference that Motel 6 officials searched her files in an effort to unearth something to support a decision to discharge to her. This inference is unreasonable, and contradicts the sworn and uncontradicted testimony Geiger and Jenson that (1) copies of the policy were kept in file folder marked "training desk clerks," (2) additional copies were located in Jenson's personnel file, and (3) it was Geiger, and not Massman or some other member of Motel 6's management, who discovered the policy in the desk clerk training file and forwarded it on to Massman.

The most compelling evidence that the policy was still in effect at the time Motel 6 decided to discharge the Huttingers is provided by the written document itself. The notation or signature "Teresa Jenson TJ" appears on the

second page of the memorandum. As previously noted, Jenson started working for the Huttingers approximately one month prior to their termination. When confronted with this inconsistency on cross examination, Donna Huttinger indicated that the writing was in her handwriting, and that she had no idea when the notation was written on the policy. On redirect examination, counsel for the plaintiffs opted not to explore the issue, and that was where it was left until Geiger and Jenson took the stand during Motel 6's case. At that time, Aileen Geiger testified as to how she learned of the Huttinger's discriminatory policies, and Jenson testified that she had been repeatedly berated by Donna Huttinger for not following the Huttinger's check-in policies, including the policy which discriminated against Native Americans. Jenson further testified that on one such occasion, Donna Huttinger took the offensive policy out of the file, put a pen in Jenson's hand, grasped that hand and guided Jenson's hand as she wrote her name on the paper. This was apparently done to stress that Jenson was like a child who could not follow simple directions. In any event, Jenson testified that the copy of the policy with her name on it was then put in Jenson's personnel file, where it was later discovered by Geiger. Although they had the opportunity to retake the witness stand and contradict this testimony, neither of the Huttingers took the stand on rebuttal. Thus, Geiger's and Jenson's testimony was left unrebutted and uncontradicted.

No reasonable jury could have found that the Huttinger's discrimination policy had been abandoned in 1990, in the face of the disinterested and uncontradicted testimony of Aileen Malone and Teresa Jenson, the presence of the written policy in the Huttingers' files in 1993, and the signature or

notation indicating that it was shown to an employee less than one month prior to the Huttingers' termination.

The Huttingers introduced no evidence suggesting that Motel 6 condoned racially discriminatory guest approval policies. Quite to the contrary, Donna Huttinger testified that a Motel 6 official ordered them to cease applying such policies three years prior to their discharge. Thus, the jury could not have reasonably concluded that Motel 6 would not consider such discrimination serious enough to warrant discharge.

Moreover, the jury could not have reasonably concluded that Motel 6 did not in fact discharge the Huttingers in part for this reason. The Huttingers' policies with regard to prospective Native American guests were flagrant violations of the law and of Motel 6 policy. There is simply no evidence in the trial record that Motel 6 used those violations as a convenient facade to mask a discriminatory motive, nor is there any apparent reason for it to have done so.

Safety and Security Policy Violations

At the termination meeting, Massman and Griffith also explained to the Huttingers that their violations of Motel 6's safety and security policies in part accounted for their discharge. Among these were violations of the "key control" policy and of the policy regarding overgrown shrubs and trees. At trial, Donna Huttinger admitted the existence of some of the violations and testified that she was unsure of the existence of others. Art Huttinger testified that Griffith, after conducting an inspection of the premises, told him four

months prior to their discharge that their failure to utilize "blue tags" was a violation of the "key control" policy. Art Huttinger further testified that he was in possession of the blue tags, but failed to utilize them. Jim and Aileen Malone, the Huttingers' replacements, corroborated several of the violations.[16]

The Huttingers' evidence on the issue of the proffered safety and security violations consisted largely of their own testimony denying the importance of some of the violations, attesting to the ease of remedying others, and denying the existence of still others. In combination with their admissions and the disinterested, unrefuted testimony of the Malones, the jury could not have reasonably concluded that there was no basis in fact for at least some of the violations.

Further, there was ample testimony from several sources — including the Huttingers themselves — that Motel 6 took its safety and security policies very seriously and that violations of them constituted grounds for immediate discharge. Jim Malone testified, and the Huttingers did not contradict this testimony, that Massman told him to immediately cure these violations upon replacing the Huttingers. As such, the jury could not have reasonably concluded that the safety and security violations were not serious enough to Motel 6 to warrant the Huttingers' discharge.

From these facts, it follows that the jury could not reasonably have concluded that Motel 6 did not discharge

16. Jim Malone also had ceased working for Motel 6 at the time of trial.

the Huttingers in part for these violations. Motel 6 need not create a pretext to disguise another motive in a situation in which it had, beyond any reasonable dispute, ample cause for dissatisfaction with the Huttingers' job performance.

Widespread Employee Complaints

Finally, Motel 6 officials informed the Huttingers at the termination meeting that one of the reasons for their discharge was that there were widespread employee complaints about the Huttingers. Aileen Malone testified that, shortly after the Malones began working as relief managers while the Huttingers were on vacation, several Motel 6 employees submitted oral and written complaints about the Huttingers to the Malones. She further testified that they passed on the complaints to Massman on or before May 28, 1993, which was the date on which Massman met with Griffith to recommend the Huttingers' discharge. As such, the proffered reason had a basis in fact.

The Huttingers did not dispute the accuracy of the complaints at trial. Art Huttinger admitted that he ordered employees of the Pocatello establishment to work on the Huttingers' personal motor home. Donna Huttinger admitted that doing so violated Motel 6 policy. Further, Joe Demarest, one of the Huttingers' witnesses, testified that this violation constituted grounds for discharge.

The Huttingers' only real response was that the complaints were not sufficiently serious to jeopardize their jobs. In support of this assertion, they cite Massman's testimony that he did not need evidence of employee

complaints to justify discharging the Huttingers in light of the seriousness of the other reasons for discharge. However, the fact that other deficiencies in the Huttingers' performance were more serious does not support an inference that employee complaints was not a sufficient justification for the Huttingers' discharge.

Given the undisputed fact that the complaints were spontaneously generated by the Motel 6 employees in the Huttingers' absence, the jury could not have reasonably concluded that Motel 6 concocted this problem as a facade to hide some other motive for discharging the Huttingers. This is particularly true when these complaints are considered in conjunction with the Huttingers' problems with Motel 6's discrimination and security policies.

In summary, the jury could not have reasonably concluded in the face of evidence from disinterested witnesses which supported Motel 6's proffered reasons for termination and the Huttingers' inability to contradict or rebut those stated reasons, that any of Motel 6's reasons for discharge were pretextual.[17] As earlier stated, unless the

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17. The Court notes that the jury could not have reasonably disbelieved the proffered reasons in the Huttinger case based upon similarities between the manner in which Massman and Griffith went about discharging the Huttingers and the Fennerns. Although there were certain similarities (*e.g.*, the temporal proximity of the discharges to the plaintiffs' vacations), those similarities do not rebut the existence of the serious conduct violations committed by the Huttingers. Moreover, at approximately the time Massman and Griffith discharged the Huttingers, Massman and Griffith granted

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multiple proffered reasons for discharge are intertwined, or one of them is "fishy," the plaintiffs must cast doubt on *each* proffered reason. *See Wolf*, 77 F.3d at 920. The Court concludes that the multiple proffered reasons are not so intertwined, nor is any one of them so suspicious, that the Huttingers should be absolved from their obligation to cast doubt on each reason. Each proffered reason has an independent basis in fact, and none is so farfetched as to give the impression that it must have been manufactured for the purpose of hiding an unspoken motive. Even if a reasonable jury could have concluded that the Huttingers were able to cast doubt on *one* of the proffered reasons, no reasonable jury could have concluded that they discredited all of them. For this reason, Motel 6 is entitled to judgment as a matter of law on the Huttinger case.

The Plaintiffs are Not Entitled to Liquidated Damages[18]

A willful violation of the ADEA gives rise to liquidated damages, *see* 29 U.S.C. § 626(b), much as a willful violation

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the Fennerns a transfer from a larger motel to the smaller (and therefore more manageable) Idaho Falls establishment. If Massman and Griffith held the same motivation in each case, they would have discharged the Fennerns at that time instead of granting them a transfer.

18. The Court declines to foreclose Motel 6 from pursuing judgment as a matter of law on the "willfulness" issue for the technical reason suggested by the plaintiffs — that Motel 6 did not move for judgment as a matter of law on that particular issue at trial
(Cont'd)

of the IHRA gives rise to punitive damages.[19] *See* I.C. § 67-5908(3)(e). The jury found that Motel 6 willfully discriminated against both the Fennerns and the Huttingers, which resulted in awards of liquidated damages to the Fennerns and of punitive damages to the Huttingers. An ADEA violation is "willful" "if the employer knew or showed reckless disregard for the matter of whether its conduct was prohibited by the ADEA." *Hazen Paper*, 507 U.S. at 614. This standard applies whether the plaintiffs prove their case by direct or by circumstantial evidence. *See id.* Of course, some, but not all, ADEA violations give rise to liquidated damages. *See id.*

Although the plaintiffs need not prove the employer's conduct to have been outrageous, or even need provide direct evidence of the employer's motivation, a violation is not willful merely because the employer knew that the ADEA was "in the picture." *Id.* at 614-15. Otherwise, the distinction between willful and non-willful violations would be

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as required by Rule 50(a)(2). Before submission of the case to the jury, Motel 6 moved for judgment as a matter of law as to whether it committed a "basic" (*i.e.* non-willful) violation of the ADEA, but did not specifically move for judgment as a matter of law as to the "willfulness" issue. Clearly, if Motel 6 did not commit a basic ADEA violation, it could not have committed a willful one. For that reason, the Court will not interpret Rule 50(a)(2) so literally as the plaintiffs suggest.

19. As in all other parts of this Memorandum Decision, the Court considers the ADEA and the IHRA to apply coextensively in this regard. Accordingly, any reference to the ADEA applies to the IHRA with equal force.

obliterated. *See id.* In attempting to ensure that the distinction between the two is meaningful, the Ninth Circuit recently held that "[f]or the employer to be in willful violation of the ADEA it must do more than act unreasonably; it must act with knowing or reckless disregard of the ADEA's requirements. *Baker v. Delta Air Lines, Inc.*, 6 F.3d 632, 644 (9th Cir. 1993). As stated by the Seventh Circuit, to show willfulness, the plaintiffs must show the employer's "intent to recklessly flaunt the ADEA's requirements." *Aungst v. Westinghouse Elec. Corp.*, 937 F.2d 1216 (7th Cir. 1991).

If there is to be any meaningful distinction between willful and non-willful violations, this is clearly a case in which the plaintiffs have not proved willfulness. The Fennerns and the Huttingers adduced no evidence that could reasonably give rise to an inference that Massman and Griffith discharged them while "recklessly flaunting the ADEA's requirements." Certainly Massman and Griffith were aware of the existence of the ADEA, but it is a quantum leap from mere awareness of the ADEA to an intent to flaunt it — especially where Motel 6 demonstrated that it had legitimate concerns about the plaintiffs' job performance and where it replaced them with employees relatively near to their ages and within the protected class.[20] The fact that Massman and Griffith did not contact Motel 6's human

20. Again, the Court notes that this goes only for the Fennern and Huttinger wives, who were the high-salaried employees. The husbands and their replacements were significantly more separated in years. However, the husbands were minimum-wage employees and, as such, were not nearly so responsible as were their wives for the job-performance problems of concern to Motel 6.

resources personnel prior to discharging the plaintiffs is insignificant evidence of reckless disregard under the circumstances. The Court is not persuaded that there was any evidence to support the jury's finding of willfulness.

MOTION FOR A NEW TRIAL

Remaining is Motel 6's alternative motion for a new trial pursuant to Rule 59. The Court has the discretion to grant a new trial if "the verdict is contrary to the clear weight of the evidence . . . or to prevent . . . a miscarriage of justice." *Rattray v. City of National City*, 51 F.3d 793, 800 (9th Cir. 1994). Unlike in the context of a motion for judgment as a matter of law, the "existence of substantial evidence does not . . . prevent the court from granting a motion for a new trial . . ." *Landes Constr. Co., Inc. v. Royal Bank of Canada*, 833 F.2d 1365, 1371 (9th Cir. 1987). The Court can "weigh the evidence and assess the credibility of witnesses, and need not view the evidence from the perspective most favorable to the prevailing party." *Id.* "If, having given full respect to the jury's findings, the judge on the entire evidence is left with the definite and firm conviction that a mistake has been committed, it is to be expected that he will grant a new trial." *Id.*

Because of the Court's extensive discussion of the reasons for its decision to grant Motel 6's Rule 50(b) motion, it is not necessary to discuss in any detail Motel 6's alternative motion for a new trial in the Huttinger case. Although Motel 6 did offer evidence in support of its proffered reasons for discharge that the Court found to be credible, but could not consider in the context of a motion

for judgment as a matter of law, the Court need not discuss any such evidence because the evidence previously considered is sufficient to leave the Court with the definite and firm conviction that the jury mistakenly inferred age discrimination against the Huttingers on the part of Motel 6. Accordingly, pursuant to Rule 50(c)(1), the Court conditionally grants a new trial in the Huttinger case to the extent that the Court's entry of judgment as a matter of law in favor of Motel 6 does not survive appeal.

With regard to the Fennern case, the Court will grant Motel 6's motion for a new trial for a variety of reasons. First, the Court has reviewed the evidence offered by Motel 6 in support of its stated reasons for discharge, but which the Court was precluded from considering in deciding Motel 6's Rule 50(b) motion, and concludes that the evidence was credible and strongly indicates that a mistake was committed by the jury in rendering its verdict. Second, the Court finds that the jury incorrectly inferred the ultimate fact of age discrimination. Finally, the Court concludes that Motel 6 was prejudiced in the Fennern case by the consolidation of that case for trial with the Huttinger case.

As earlier established, there could be no reasonable doubt based upon the evidence at trial that the Fennerns failed to meet Motel 6's cleanliness standards[21] and that Motel 6 took its cleanliness standards seriously enough to discharge its motel managers for failing to comply with them. However,

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21. The Court notes that this evidence of poor performance by the Fennerns as managers goes not only toward the reasonableness of the jury's disbelief of Motel 6's proffered reasons for discharge, but also toward the strength of the Fennerns' *prima facie* case.

the jury could have concluded that Motel 6 provided the Fennerns with inadequate support and time to comply with its cleanliness standards, and could have inferred from this conclusion that Motel 6 used this as a pretext to hide some other motive for discharging them.

Motel 6 brought forth convincing testimony to rebut the Fennerns' claim of inadequate support for their clean-up effort and in support of its business decision to discharge them for failing to meet the cleanliness standards. With regard to the adequacy of support, Motel 6 introduced purchase requisitions demonstrating that the Fennerns received more supplies than they admitted to receiving. Further, Delores Fennern admitted to having access to a carpet shampooer, which she used for a time to clean four rooms per day — had she done so long enough, the carpets of the 80-room motel would have been cleaned within a month. Finally, Loree Shearouse, Delores Fennern's replacement, testified that she was able to clean the motel using the same supplies provided to the Fennerns.

More importantly, the testimony of Massman and Griffith amply demonstrated that Motel 6 reasonably believed that six months was an adequate period of time for the Fennerns to meet Motel 6's cleanliness standards, especially since the Fennerns had more than 10 years of experience managing other Motel 6 establishments and since the Idaho Falls establishment had only 80 rooms, far fewer than the Jackson Hole establishment from which the Fennerns had transferred. At issue is not whether Motel 6 was correct in believing that the Fennerns could have properly cleaned the Idaho Falls establishment within six months. Instead,

the issue is whether Motel 6 had a reasonable basis for that belief. As a matter of logic, six months appears to be sufficient time in which to clean an 80-room establishment; at the leisurely rate of one room per day, the Fennerns could have completed the task within three months. Further, Loree Shearouse testified that she was able to thoroughly clean the motel in less than six months, despite her lack of managerial experience. "Granny" Seelke, a subordinate of both the Fennerns and the Shearouses, testified that the Shearouses kept the motel much cleaner than did the Fennerns, in part because of Loree Shearouse's active style of management.

The Court concludes, on the strength of that evidence, that the jury was mistaken in disbelieving that Motel 6 discharged the Fennerns in part for failing the motel inspection. The Fennerns' failure to comply with Motel 6's cleanliness standards was clearly Motel 6's primary concern and was unquestionably sufficient in itself to justify their discharge. Massman and Griffith discovered the improper checking of references and the condition of Room 114 in the days surrounding the motel inspection that revealed the serious violations of Motel 6's cleanliness standards. The reasonable inference to be drawn was that Motel 6 considered these other reasons for discharge to be serious enough to bolster its main reason — the Fennerns' failure to comply with the cleanliness standards. There is nothing suspicious in Motel 6's decision to state all of its reasons for discharge, even if one of them was the overriding concern and was sufficient in itself.

Moreover, even if the Fennerns successfully discredited all of Motel 6's proffered reasons except for their failure to comply with Motel 6's cleanliness standards, their failure to discredit that principle reason is enough to foreclose the reasonableness of any belief that they were not among Motel 6's actual reasons for discharge. As earlier stated, unless the multiple proffered reasons for discharge are intertwined, or one of them is inherently suspicious, the plaintiffs must cast doubt on *each* proffered reason. *See Wolf*, 77 F.3d at 920. As in the Huttinger case, the Court concludes that the multiple proffered reasons are not so intertwined, nor is any one of them so suspicious, that the Fennerns should be excused from their obligation to cast doubt on each reason. Each proffered reason has a completely independent basis in fact, and none is so farfetched as to give the impression that it was manufactured in an effort to disguise an unspoken motive.

It is important to remember that this is an ADEA case and not a wrongful discharge case. Motel 6's proffered reasons for discharge need not be so unassailable as to amount to "cause" for discharge. An employer is free to replace employees with those it subjectively believes will do a better job. *See Turner v. North Am. Rubber, Inc.*, 979 F.2d 55, 60 (5th Cir. 1992). Otherwise, employers ". . . 'could do nothing to correct unsatisfactory performance in *senior management*, most of whom will always be within the ADEA's protection.' " *Id.* (emphasis in original) (quoting *Elliott v. Group Med. & Surgical Serv.*, 714 F.2d 556, 567 (5th Cir. 1983)). Motel 6's evidence strongly demonstrates its unhappiness with the Fennerns' clean-up efforts and its subjective belief that the Shearouses would do a better job.

Massman and Griffith simply took action to remove managers that they perceived to be under-performing.

Even if the Fennerns' evidence of pretext were more compelling, the Court concludes that the jury made a mistake in inferring the ultimate fact of age discrimination from that evidence. As previously indicated, Motel 6 replaced Delores Fennern with a woman who was only nine years younger and who was also in the protected class. Delores Fennern bore the primary responsibility for the perceived performance deficiencies as the highly-compensated half of the management team. The inference of age discrimination is quite weak where a 58-year old, with perhaps satisfactory performance, has been replaced by a 49-year old. While such a personnel change can constitute age discrimination, the evidence that the proffered reasons for discharge constitute a pretext for unlawful discrimination must be stronger than in a case in which a 58-year old, with outstanding performance, has been replaced by a 29-year old. The Fennerns simply did not prove that age discrimination was the "real reason" for their discharge, as they were required to do by the Supreme Court in *St. Mary's* and by the Ninth Circuit's implementation of the *St. Mary's* decision.[22]

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22. The Court recognizes that the Supreme Court's decision in *St. Mary's Honor Center v. Hicks*, 509 U.S. 502 (1993) and the Ninth Circuit's decision in *Nidds v. Schindler Elevator Corporation*, 113 F.3d 912 (9th Cir. 1997), suggest that the *prima facie* case, coupled with evidence from which the jury could conclude that the reasons for discharge were pretextual, may be sufficient to defeat summary judgment or a Rule 50(b) motion. However, an alternative, and better view, of those decisions is that the trial court can still

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Moreover, the Court firmly believes that Motel 6 was severely prejudiced by the consolidation of the Fennern and Huttinger cases for trial, in light of the plaintiffs' failure to put on pattern-and-practice evidence of age discrimination. The Court would never have allowed the consolidation in the absence of the plaintiffs' representation that they would base their case on such evidence. The Court assumed that such pattern-and-practice evidence would necessarily lead to evidence relating to the Fennerns' termination being presented during the Huttinger case, and vice-versa. For reasons of judicial economy and the lack of prejudice to Motel 6 in that setting, the Court permitted the joinder of the two cases for trial.

However, without this evidence, the cases were insufficiently similar to justify joinder. The similarities regarding the age differentials of the plaintiffs and their replacements, the temporal proximity of the firings, and the fact that the firings occurred subsequent to the plaintiffs' vacations pale by comparison to the substantial differences in the reasons for discharge proffered by Motel 6. Without pattern-and-practice evidence, the Court would not have permitted the Huttingers to testify in the Fennern case, and vice-versa. It appears, however, that the jury may well have found a "pattern" in the two cases because of the relatively

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assess whether that combination gives rise to a reasonable inference of discrimination which would justify a jury in returning a verdict for the party claiming discrimination. On the other hand, it seems clear that the reasonableness of the jury's inference of discrimination may be properly assessed in the context of a Rule 59 motion for new trial.

inconsequential similarities and rendered its verdict on that basis.

Additionally, the Court precluded Motel 6 from offering statistical evidence on its hiring and discharge patterns to demonstrate a lack of statistical support for any practice of age discrimination upon learning that the plaintiffs' had abandoned their pattern-and-practice argument. The Court reasoned that the plaintiffs would be unfairly prejudiced by such broad evidence of lack of discriminatory practices where the plaintiffs would no longer attempt to demonstrate age discrimination outside the context of their two particular cases. The unforeseen effect of this ruling was to permit the plaintiffs to argue a pattern and practice of age discrimination based upon their two cases, but to disallow Motel 6 to rebut that argument. Motel 6 was clearly prejudiced by this unintended result.

In summary, the Court has the definite and firm conviction that the jury mistakenly disregarded Motel 6's proffered reasons for discharging the Fennerns, that the jury mistakenly inferred unlawful age discrimination on the part of Motel 6, and that joinder of the two cases for trial prejudiced Motel 6. Accordingly, the Court will grant a new trial in the Fennern case as to whether Motel 6 committed a basic violation of the ADEA. Pursuant to Rule 50(c)(1), the Court will conditionally grant a new trial in the Fennern case on the issue of whether Motel 6 willfully violated the ADEA in the event that its entry of judgment as a matter of law in favor of Motel 6 on that issue does not survive appeal.

Finally, because the Court has decided either to grant judgment as a matter of law in favor of Motel 6 or a new trial with regard to all claims of both the Fennerns and the Huttingers, the Court need not reach the issue of whether the measure of damages awarded by the jury was justifiable. Also, because the Court must vacate the jury's verdicts in favor of the plaintiffs, the plaintiffs' motion for attorney fees must be denied.

ORDER

In accordance with the views expressed in the Memorandum Decision above,

NOW THEREFORE IT IS HEREBY ORDERED, that Defendants' motion for judgment as a matter of law (Docket No. 227, part 1) shall be, and the same is hereby, GRANTED IN PART and DENIED IN PART. Defendants are granted judgment as a matter of law in the Huttinger case in its entirety and in the Fennern case on the issue of whether Defendants committed a willful violation of the ADEA.

IT IS FURTHER ORDERED, that Defendants' alternative motion for a new trial (Docket No. 227, part 2) shall be, and the same is hereby, GRANTED IN PART and CONDITIONALLY GRANTED IN PART. Defendants are granted a new trial in the Fennern case on the issue of whether Defendants committed a basic violation of the ADEA. Pursuant to Rule 50(c)(1), Defendants' alternative motion for a new trial in both the Fennern and Huttinger cases is conditionally granted to the extent that its entry of judgment as a matter of law does not survive appeal.

Appendix F

IT IS FURTHER ORDERED, that the judgments entered in favor of Plaintiffs (Docket Nos. 217 and 218) are hereby VACATED. Pursuant to Rule 58, the Court will enter an amended judgment in favor of Defendants in the Huttinger case by means of a separate document in accordance with this Memorandum Decision and Order.

IT IS FURTHER ORDERED, that Plaintiffs' motion for attorney fees (Docket No. 219) shall be, and the same is hereby, rendered MOOT.

Dated this 20th day of January, 1998.

s/ B. Lynn Winmill
B. LYNN WINMILL
UNITED STATES DISTRICT COURT

APPENDIX G — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT DENYING PETITION FOR REHEARING DATED AND FILED SEPTEMBER 2, 1999

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 98-35533
D.C. No. 95-CV-262

Art Huttinger, husband; and Donna Huttinger, wife

Plaintiffs – Appellants

v.

Motel 6 Operating LP; Motel 6 GP, INC.,

Defendants – Appellees.

No. 98-35608
D.C. No. 95-CV-121

James Fennern, husband, and Delores Fennern, wife

Plaintiffs – Appellants

v.

Motel 6 Operating LP; Motel 6 GP INC.;
JOHN DOES, 1-4,

Defendants – Appellees.

Appendix G

ORDER

Before: B. FLETCHER, REINHARDT and THOMAS, Circuit Judges

The panel has voted unanimously to deny the petition for rehearing. Judges Reinhardt and Thomas voted to deny the petition for rehearing en banc and Judge B. Fletcher so recommended.

The full court has been advised of the petition for an en banc rehearing, and no judge of the court has requested a vote on the petition for rehearing en banc. Fed. R. App. P. 35(b).

The petition for rehearing is denied and the petition for rehearing en banc is rejected.